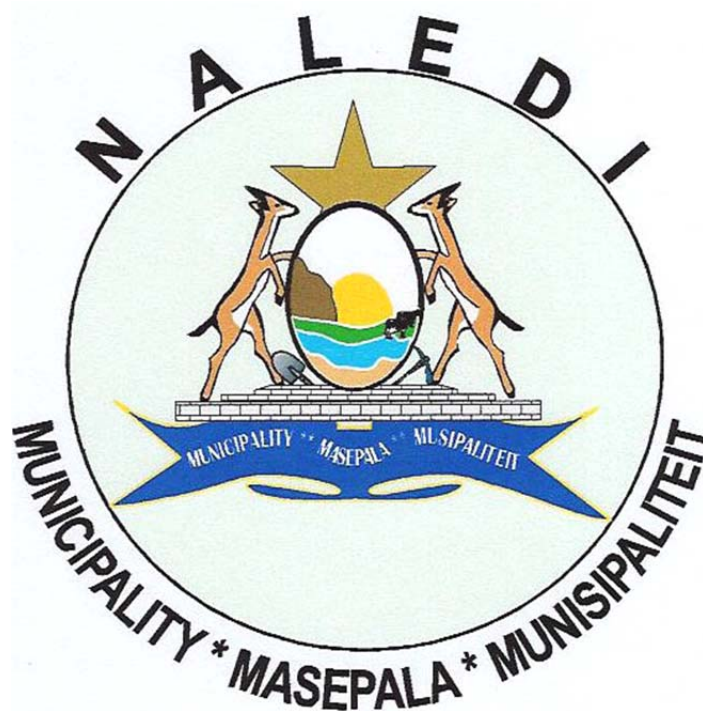


NALEDI LOCAL MUNICIPALITY



2015/2016 TO 2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL ANNUAL BUDGET DOCUMENT

Table of Contents

Part 1 Annual Budget

1.1	Mayor 's Report	4
1.2	Council Resolutions	6
1.3	Executive Summary	8
1.4	Operating Revenue Framework	11
1.5	Operating Expenditure Framework	23
1.6	Capital Expenditure	29
1.7	Annual Budget Tables	30

Part 2 Supporting Documentation

2.1	Overview of the Annual Budget Process	49
2.2	Overview of the Budget Policies	102
2.3	Municipal Manager Quality Certificate	103

List of tables

Table 1	Consolidated Overview of the 2014/2015 MTREF	10
Table 2	Summary of revenue classified by main revenue source	14
Table 2.1	Percentage growth in revenue by main revenue source	17
Table 3	Operating Transfer and Grant receipts	19
Annexure C	Comparison of proposed rates to be levied for the 2014/2015 Financial year	64
Annexure C	Proposed Tariffs	105
Annexure C	Comparison between sanitation charges and increase	105
Annexure C	Comparison between current waste water removal fees and increase	105
Table 4	Summary of operating expenditure by standard classification	23
Table 4.1	Operational expenditure categories for 2014/2015 expressed in percentage	25
Table 5	Operational Repairs and Maintenance	29
Table 6	(A5) - Budget Capital by vote ,standard classification and funding	30
Table 6.1	Breakdown of budgeted capital expenditure	31
Table 7	(A1) – Budget Summary	32
Table 8	(A2) – Budget Financial Performance (revenue and expenditure by standard classification)	32
Table 10	(A3) – Budget Financial Performance (revenue and expenditure by municipal vote)	34
Table 11	(A4) – Financial Performance (revenue by source and expenditure by type)	36
Table 12	(A6) – Budgeted Financial Position	50
Table 13	(A7) – Budgeted Cash Flow Statement	48
Table 14	(A8) – Consolidated Cash Backed Reserved/Acc Surplus Reconciliation	40
Table 15	(A9) – Consolidated Assets Management	41
Table 16	(A10) – Consolidated Basic Service Delivery Measurement	45

ADDITIONAL DOCUMENTS

- Annexure A Integrated Development Plan 2015/16 to 2017/18
Annexure B Policies as set out in Par 4.2
Annexure C Rates and Tariff for the rendering of Municipal Services 2015/2016

Part 1 – Annual Budget

1.1 Mayor's Report

Speech by the Mayor on the tabling the Draft Annual budget and Final IDP 2015/2016



Foreword by the Mayor

“We have a good story to tell!”

We are tabling this budget at the beginning of the third decade of our freedom as the country. Indeed South Africa is a better place to live in since 1994, and without any shadow of doubt, Naledi municipality is better place to live in.

The advent of democracy has brought with it endless possibilities and opportunities for the majority of our people who have been deprived for more than three centuries of apartheid and colonialism. Today is better than yesterday and tomorrow looks brighter!

We have undergone a lot of transformation as local government, from the era of local towns authorities, to Transitional Local Councils (TLCs) to the integrated local councils. In our case as Naledi Local Municipality, changes in the ward demarcations has affected us a great deal from Motheo District Municipality to Xhariep District Municipality with the advent of Mangaung Metropolitan Municipality. We are in the process of merging Naledi Local Municipality with Mangaung Metropolitan Municipality.

Despite challenges that comes with the municipality of our size, with a huge number residents being indigent with no revenue base we have come a long way. We set ourselves an ambitious target to achieve clean audits in our municipality by 2014 and beyond. This will require consistent effort on the part of all us to do things correctly

according to the book. We are convinced that this is still possible, it will be part of the good story that we are continuing to tell.

There can be no doubt that our people's experience with local government and service delivery is a key contributor in the overall perception of government as a whole. Local government is at the coalface of service delivery, and we cannot be found wanting in our commitment and effort to ensure that this sphere of government operates at maximum efficiency and effectiveness levels. It worth noting that our provincial government has committed itself for adopting poor municipalities like ours.

We have endeavored that there is alignment of budget to the IDP and the turn around strategy that we have to complete by July 2015 as planned. The municipality must get the basics right. Consistent maintenance of existing infrastructure supported by adequate and appropriate budget allocation and comprehensive planning for infrastructure development is critical.

Needless to say, there is still some challenges in our effort to provide quality services. The supply of clean running water on a continuous level is one but challenge. The Department of Water and Sanitation and Bloem Water have joined hands to help us out of the situation. The project of installing a parallel pipe that will increase our supply is underway and soon the community will reap the fruits of this project .This project was emanated by the installation of water meter project which was done successfully.

In the last financial year, we were able to fill not less than twenty positions, thereby creating stability in the workforce. We also created a number of work opportunities through the Expanded Public Works Programmes, learnership and interns programmes. The office of the Mayor has paid a registration fees for disadvantaged number of prospective university students.

Through this budget preparation, we intend to build on the work that we have already done, use the budget to tell a good story that Naledi is a better place to live in since 1994. We are proud of our past performance and are confident of the future.

We invite you to look into our budget and give us inputs so that we may serve our communities better.

Kind regards

Clr. Mpolokeng Mahase

Speaker / Mayor

Naledi Local Municipality

1.2 Council Resolutions

In 18 March 2015 the Council of Naledi Local Municipality met at the Town Hall in Dewetsdorp to consider the Final Adjustment Budget of the municipality for the financial year 2015/2016. The Council approved and adopted the following resolutions:

1. The Council of Naledi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1 The Final Adjustment Budget of the municipality for the financial year 2014/2015 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 32

- 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 10 on page 38

- 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 11 on page 39

- 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 6 on page 27

- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1 Budgeted Financial Position as contained in Table 12 on page 41

- 1.2.2 Budgeted Cash Flows Statement as contained in Table 13 on page 43

2. The Council of Naledi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015, the following tariffs as set out in Annexure C

- 2.1 Property rates

- 2.2 Electricity
 - 2.3 The supply of water
 - 2.4 Sanitation services
 - 2.5 Solid waste services
 - 2.6 Cemeteries
 - 2.7 Town Planning (Building Plans)
 - 2.8 Posters and distribution of handbills
 - 2.9 Credit control charges (Penalties and Fines)
 - 2.10 Rental of municipal facilities
 - 2.11 Library fees
 - 2.12 Supply of information
- 3 The Council of Naledi Local Municipality approves the newly designed Integrated Development Plan for the period 2015/2016 to 2017/2018 as set out in Annexure A.
- 4 To give proper effect to the municipality's annual budget, the Council of Naledi Local Municipality approves:
- 4.1 That the cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2 The adoption and the implementation of the following policies, attached as Annexure B
 - Rates Policy
 - Tariffs Policy
 - Credit Control and Debt Collection Policy
 - External Loans Policy
 - Bad Debts and Write off Policy
 - Investment and Banking Policy

- Virement Policy
- Indigent policy
- Supply Chain Management Policy

4.3 That the Municipal Manager be authorised to sign all necessary agreement and documents to give effect to the capital and operating programme.

1.3 Executive Summary

The compilation of the adjustment budget for the 2015/2016 financial year as well as the MTREF remains to be affected by the legacy issues affecting the eco-political environment from which the municipality operates. Nevertheless sound financial management principles were applied during the compilation and adoption to ensure the municipality remains financially viable and that all municipal services are provided sustainably, economically and equitably to all communities.

The challenges emanating from economic factors within the jurisdiction of Naledi Municipality remains to be the key limitation that affects the municipality's ability to collect sustainable revenue from the provision of services; this in turn causes more financial constraints and further limits the ability to provide services to communities and the achievement of strategic objectives of the municipality. Where appropriate, priorities were ranked and programmes and projects were reviewed and analysed according to their impact, relevance and financial viability. A critical review was conducted to identify expenditure related to non-core functions and "nice to have" to ensure that due to limited financial muscle, the municipality should only prioritise programmes that add value and respond to service delivery imperatives.

The 2015/2016 Draft Annual budget is also influenced by the adjustment budget of 2014/15. The annual budget had to incorporate the issues raised in the financial recovery plan which includes amongst others the issue of the long term outstanding creditors, whereby the short, medium and long term payment plans have to be provided for in the current year and the two outer years (MTREF). The Financial Recovery Plan advocates for implementation of stricter internal controls to ensure reduction of expenditure on non-core functions, and increased or concerted efforts in the implementation of the Revenue Enhancement Strategy.

The provision of main services remains the responsibility of the municipality, however over the years the municipality entered into Service Delivery Agreements with the service providers of water and electricity. The municipality has to focus on the development of the financial recovery plan, and thereafter develop a revenue enhancement strategy to optimize their collection of debts owed by the customers; this shall be made possible only by the complete and stringent implementation of the council's Credit control and debt collection policy. In addition, proper management of existing debtor's accounts which are regularly verified and monitored will ensure that only valid customers are billed on time, with the correct rates and at the correct consumption levels of services. The Council shall monitor the implementation of initiatives by means of quarterly reports to council on the progress made and the recovery and collection levels on all outstanding customers.

The National Treasury's MFMA Circular no 74 and 75 was used to guide the compilation of the 2015/2016 MTREF. The main challenges experienced during the compilation on the 2015/2016 MTREF can be summarised as follows:

- Continuous and constant international, national, provincial, regional and local economic pressures;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to re-prioritise projects and expenditure within the existing resource envelope subject to cash flow limitations and declining cash reserves of the municipality;
- The increased cost of bulk electricity (due to tariff increases by Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- The increased cost of bulk water (due to tariff increases by Bloem-water), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable and lack of proper management of alternative sources. (i.e. performing the task providing water services internally due to lack of technical capacity and financial resources.);
- Inability to properly account for distribution losses on bulk water purchases due to excessive water leakages emanating from inadequate budgeting for repairs and maintenance resulting in potential revenue being forfeited;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The municipality's lack of financial viability to raise borrowings for capital expenditure;
- Migratory patterns along the Lesotho border which is directly affected by the provision of services to foreigners who do not qualify as indigents; and
- Inability to collect more revenues as a result of high unemployment rate and inadequate and/or lack of sustainable economic activities

The following budget principles and guidelines directly informed the compilation of the 2015/2016 MTREF.

- Intermediate service level standards were used to inform the measurable objectives, targets and eradication of backlog goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- All other possible factors which shall have a direct impact on the 2015/2016 annual budget and which were not catered for on or before the approval of this annual budget, shall be factored through a budget adjustment process

In view of the above mentioned factors, table 1 listed below, is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework

Table 1 - Consolidated Overview of the 2014/15 MTREF

R Thousand	Adjustment Budget	Budget Year	Budget Year	Budget Year
	2014-2015	2015-2016	2016-2017	2017-2018
Total Operating Revenue	90 047	100 080	100 644	108 197
Total Operating Expenditure	90 009	99 588	100 466	106 481
Surplus/(Deficit) for the year	38	493	178	1 716
Total Capital Expenditure	21 317	13 369	19 428	18 695

Total operating revenue has increased by R 10 033 thousand for the 2015/2016 financial year when compared to the 2014/2015 Adjustment Budget. For the two outer years, operational revenue increases by R 564 thousand and R7 553 thousand respectively.

Total operating expenditure for the 2015/16 financial year has been appropriated at R99 588 million and adjustment budget for 2014/2015 appropriated by 90 009 and translates into a budgeted surplus of 38 thousand. In comparison, the operating expenditure has increased by R9 579 million in the 2015/16 budget and increased by R878 thousand and R6 015 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R178 and stabilises at R1 716.

The bulk water purchases remains one of the biggest challenges for the municipality, this is compounded by the inability to properly account for distribution losses on water, forfeited revenue, etc. Despite all the factors affecting losses on the water networks, the municipality must constantly maintain the same level of bulk purchases to ensure that

water supply to communities is continuous and uninterrupted. The cost of bulk purchases by the water service provider increased by 11%, and this input cost to the municipality must be properly reflected to ensure that bulk water services are sufficiently provided for.

The capital expenditure dropped by R7 948 million for 2015/2016, and increased by R5 059 million for 2016/2017 and dropped by R733 million for 2016/2017. All the capital expenditure is financed out of conditional grant, with the largest portion funded by Municipal Infrastructure Grant.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 50 per cent annual collection rate for property rates and other key service charges;
- Electricity tariffs increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- The Tariffs Policy of Naledi Local Municipality

The following table is a summary of the 2015/2016 MTREF (classified by main revenue source):

Table 2 - Summary of revenue classified by main revenue source

FS164 Naledi (Fs) - Table A1 Budget Summary

Description R thousands	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Financial Performance</u>										
Property rates	3,790	6,574	4,272	4,537	4,829	4,829	4,829	5,382	5,694	6,007
Service charges	25,962	26,576	33,303	35,681	35,681	35,681	35,681	38,992	42,142	49,528
Investment revenue	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	47,654	58,552	41,740	43,045	43,045	43,045	43,045	44,772	44,178	43,758
Other own revenue	18,232	4,492	6,126	6,284	6,492	6,492	6,492	10,935	8,630	8,904
Total Revenue (excluding capital transfers and contributions)	95,638	96,194	85,441	89,547	90,047	90,047	90,047	100,080	100,644	108,197
Employee costs	21,582	23,403	30,986	31,545	32,099	32,099	32,099	34,419	36,312	38,309
Remuneration of councillors	1,726	1,943	1,984	2,396	2,137	2,137	2,137	2,287	2,564	2,564
Depreciation & asset impairment	18,998	18,334	1,500	1,500	–	–	–	1,700	1,700	1,700
Finance charges	2,716	1,732	49	52	63	63	63	77	82	86
Materials and bulk purchases	14,792	19,883	29,599	30,397	30,218	30,218	30,218	25,253	26,823	28,465
Transfers and grants	–	255	955	5,559	1,000	1,000	1,000	5,793	6,009	6,320
Other expenditure	16,877	21,692	20,363	17,870	24,492	24,492	24,492	30,060	26,975	29,036
Total Expenditure	76,691	87,242	85,436	89,319	90,009	90,009	90,009	99,588	100,466	106,481
Surplus/(Deficit)	18,947	8,952	5	228	38	38	38	492	178	1,716
Transfers recognised - capital	11,280	16,963	15,811	21,317	21,317	21,317	21,317	13,369	19,428	18,695
Contributions recognised - capital & contributed assets	(11,280)	(16,963)	(15,811)	(21,317)	(21,317)	(21,317)	(21,317)	(13,369)	(19,428)	(18,695)
Surplus/(Deficit) after capital transfers & contributions	18,947	8,952	5	228	38	38	38	493	178	1,716
Share of surplus/ (deficit) of associate	(859)	(349)	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	18,088	8,603	5	228	38	38	38	493	178	1,716
<u>Capital expenditure & funds sources</u>										
Capital expenditure	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695
Transfers recognised - capital	19,980	18,505	15,811	21,146	21,146	21,146	21,146	13,089	19,118	18,335



Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	150	150	86	170	170	170	170	280	310	360
Total sources of capital funds	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695
<u>Financial position</u>										
Total current assets	13,579	18,361	9,148	9,148	9,148	9,148	9,148	9,148	9,148	9,148
Total non current assets	254,382	293,760	291,333	291,333	291,333	291,333	291,333	291,333	291,333	291,333
Total current liabilities	26,301	42,882	42,496	42,496	42,496	42,496	42,496	42,496	42,496	42,496
Total non current liabilities	423	2,879	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958
Community wealth/Equity	28,306	266,360	255,027	255,027	255,027	255,027	255,027	255,027	255,027	255,027
<u>Cash flows</u>										
Net cash from (used) operating	10,775	26,358	19,223	19,223	19,223	19,223	19,223	27,716	22,231	18,302
Net cash from (used) investing	15,598	(31,002)	(16,129)	(16,129)	(16,129)	(16,129)	(16,129)	(24,318)	(19,003)	(14,593)
Net cash from (used) financing	-	(560)	(560)	(560)	(560)	(560)	(560)	-	-	-
Cash/cash equivalents at the year end	(5,036)	(10,240)	9,180	3,977	2,534	2,534	2,534	3,398	6,626	10,335
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	(12,171)	1,441	4,421	4,421	4,421	4,421	4,421	4,421	4,421	4,421
Application of cash and investments	17,880	16,510	27,668	27,796	27,818	27,818	27,818	25,304	25,085	25,506
Balance - surplus (shortfall)	(30,051)	(15,068)	(23,247)	(23,375)	(23,397)	(23,397)	(23,397)	(20,883)	(20,664)	(21,085)
<u>Asset management</u>										
Asset register summary (WDV)	-	2,831	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401
Depreciation & asset impairment	18,998	18,334	1,500	1,500	-	-	1,700	1,700	1,700	1,700
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	878	1,175	2,496	2,770	2,925	2,925	4,163	4,163	4,129	4,332
<u>Free services</u>										
Cost of Free Basic Services provided	3,211	4,496	4,483	5,558	1,000	1,000	5,793	5,793	6,009	6,320
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<u>Households below minimum service level</u>										
Water:	0	0	-	-	-	-	-	-	-	-
Sanitation/sewerage:	0	0	0	0	-	-	-	-	-	-
Energy:	0	0	0	0	0	0	0	0	0	0
Refuse:	-	-	-	-	-	-	-	-	-	-



In line with the format prescribed by the Municipal Budget and Reporting Regulations, Capital transfer and contribution are excluded from the operating statements, as inclusion of these revenue sources will distort the calculation of the operating surplus/deficit.

The largest revenue source is transfers from external sources, totalling R43 852 000 of the total operating revenue. The second largest source is electricity at R24 570 000 of the total operating revenue and as electricity is supplied by Centlec. The third largest source is property rates which is totalling R5 382 000 of the total revenue. A contributing factor to a large increase in service charges is that previous budgets did not break even on the cost for service delivery.

The other revenue consists of various items such as income received from building plans, cemetery fees, rental of municipal properties, commission, fines, etc. The tariffs on these items are reviewed annually to ensure that they are cost reflective and market related. The municipality is embarking of the system of improving a strict implementation of internal control measures to ensure that income from these items is sustainable. The “other income” includes Spuma of R 2 000 000 million and R1. 9 million for the salaries of the Municipal Manager and the Chief Financial Officer.

Table 2.1 depicted below reflects a gradual increase on all main revenue source over the MTREF period. The table further illustrates each class of main revenue component relative to the total revenue. Property Rates has realised a 6.2% steady increase with the 2015/2016 outer year at 5.9%. However, the Transfer recognised from operation shows a steady increase over the MTREF, from 2% for the 2016/2017, 1% for the 2017/2018. The other service charges remain stagnant caused by realistic projections based on an assessment of covering input costs and making the service charges affordable. The reality is that the municipal area experiences a high indigent rate as a result most of the charges shall have to be paid by with the equitable share in any case.

Table 2.1 Percentage Growth in revenue by main revenue source

FS164 Naledi (Fs) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
Revenue By Source														
Property rates	2	3,790	6,574	4,272	4,537	4,829	4,829	4,829	5,382	5%	5,694	6%	6,007	6%
Property rates - penalties & collection charges														
Service charges - electricity revenue	2	16,125	15,900	22,841	24,570	24,570	24,570	24,570	26,922	27%	29,372	29%	36,056	33%
Service charges - water revenue	2	3,803	5,169	4,084	4,337	4,337	4,337	4,337	4,771	5%	5,048	5%	5,326	5%
Service charges - sanitation revenue	2	3,550	3,287	3,790	4,025	4,025	4,025	4,025	4,275	4%	4,523	4%	4,771	4%
Service charges - refuse revenue	2	2,484	2,220	2,588	2,749	2,749	2,749	2,749	3,024	3%	3,199	3%	3,375	3%
Service charges - other														
Rental of facilities and equipment		283	319	329	356	407	407	407	432	0%	457	0%	482	0%
Interest earned - external investments														
Interest earned - outstanding debtors		120	259	69	73	217	217	217	231	0%	244	0%	257	0%
Dividends received		3	3	5	5	5	5	5	6	0%	7	0%	7	0%
Fines				2	2	2	2	2	2	0%	2	0%	2	0%
Licences and permits														
Agency services														
Transfers recognised - operational		47,654	58,552	41,740	43,045	43,045	43,045	43,045	44,772	45%	44,178	44%	43,758	40%
Other revenue	2	17,826	3,911	5,721	5,848	5,861	5,861	5,861	10,264	10%	7,921	8%	8,156	8%
Gains on disposal of PPE														
Total Revenue (excluding capital transfers and contributions)		95,638	96,194	85,441	89,547	90,047	90,047	90,047	100,080	100%	100,644	100%	108,197	100%

FS164 Naledi (Fs) - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		35,528	39,482	41,740	43,045	43,045	43,045	44,772	44,178	43,758
Local Government Equitable Share		33,288	37,182	38,200	39,311	39,311	39,311	40,967	40,211	39,380
Finance Management		1,450	1,500	1,650	1,800	1,800	1,800	1,875	2,010	2,345
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1,033
EPWP Incentive				1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		35,528	39,482	41,740	43,045	43,045	43,045	44,772	44,178	43,758
<u>Capital expenditure of Transfers and Grants</u>										



National Government:		15,598	18,663	15,661	13,602	13,602	13,602	13,404	13,741	19,124
Municipal Infrastructure Grant (MIG)		14,149	17,163	15,580	13,406	13,406	13,406	13,236	13,591	14,124
Regional Bulk Infrastructure			500	81	196	196	196	168	150	5,000
EPWP		1,449	1,000							
Provincial Government:		-	-	-	7,905	7,905	7,905	-	-	-
Municipal water infrastructure					7,905	7,905	7,905	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>department of water affairs</i>										
Total capital expenditure of Transfers and Grants		15,598	18,663	15,661	21,507	21,507	21,507	13,404	13,741	19,124
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		51,126	58,145	57,401	64,552	64,552	64,552	58,176	57,919	62,882

The process of tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

It must also be appreciated that the consumer price index, as measured by the CPI, is not a good measure of the cost to increases of goods and services relevant to municipalities. The food basket of goods and services utilised in the calculation of the CPI consists of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water and electricity, fuel, chemicals, cement, etc. The current challenges facing the municipality is managing the gap between the cost drivers and tariffs levied, as any shortfall must be factored in either by operational efficiency gains or service level reductions. This adds to the contributing factors that the tariffs mentioned above have to increase beyond the official inflation rate of the Reserve Bank.

Within this framework, the municipality has undertaken the tariff setting process relating to service charges as follows, Refer to **Annexure C** for all the relevant tariffs applicable to the 2015/2016 financial year

1.4.1 Property rates

Cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The implementation of the Property Rates is regulated in terms of the Municipal Property Rates Act, and the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2016 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for the purpose of levying rates and the rates for the 2015/2016 financial year based on a 6.2 per cent increase from 1 July 2016 as contained in the attached Annexure C no 1.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, it is necessary to carefully review the level and structure of the water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2016. A tariff increase of 6.2 per cent from 1 July 2015 for water is proposed. This is based on input cost assumptions of 10 per cent increase in the cost of bulk water. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents. The municipality is currently levying water supplied by the water board (Bloem Water) and using boreholes in one of its towns (Vanstadensrus). The municipality is seized with the challenge of ensuring that the maintenance of the water infrastructure is factored in the tariffs, at the present moment distribution losses are negatively affecting anticipated revenues which could be realised between the cost and sales of water.

Annexure C shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house: A summary of the proposed water tariffs for households (residential) and non-residential are shown in Annexure C.

1.4.3 Sale of Electricity and impact of Tariff increase.

Naledi Municipality maintains a Service Delivery Agreement (SDA) with Centlec (a Municipal Entity which is an electricity distribution utility). The municipality did not have capacity to provide electricity services to its communities and this informed a need to enter into an SDA with the service provider. However, in terms of the SDA the electricity tariffs must be set by the municipality, in association with Centlec through the normal planning and budgeting process. Electricity budget was only included from the 2015/2016 and MTREF and this has resulted in the marginal increment to the total operational revenue.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. The proper repairs and maintenance and upgrading of the reticulation network is a strategic priority, especially the sub-stations and transmission lines. Lack of proper town planning that result in new settlement compounds the challenges affecting the existing reticulation network and hence a need for upgrading and regular maintenance.

The approved budgets for the electricity can only be used for certain committed upgrade projects and to strengthen critical infrastructure (e.g. Sub-station without back-up supply). Owing to the high increases in Eskom tariffs, it is apparent that it remains a challenge to maintain high levels of maintenance and upgrades by means of increasing electricity tariff that factor in both issues as the resultant tariff increase will not be affordable to the consumers. It is therefore proposed that a long term sustainable solution as a strategy for funding the infrastructure to consider spreading the burden in the 2014/2015 financial period, over the MTREF period to coincide with the life span of the assets being upgraded.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.2 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water. Sanitation charges are calculated according to the percentage water discharged as indicated in the Annexure C no 10; free sanitation will be applicable to registered indigents. Annexure C no 10 shows the comparison between current sanitation charges and increases.

1.4.5 Waste Removal and Impact of Tariff increases.

Annexure C no 10 shows the comparison between the current and proposed amounts payable from 1 July 2016. A tariff increase of 6.2 per cent for sanitation from 1 July 2015 is proposed. Waste charges are calculated according to the percentage of Waste Removal discharged as indicated in the table below. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The municipality must place more emphasis on the cost driver affecting the provision of this service, and this includes but not limited to repairs and maintenance on vehicles, increase in general expenditure such as petrol and diesel and the cost of remuneration. There is a need to investigate the cost structure of solid waste as well as consideration of alternative service delivery models. The outcome of the investigation will be investigated into the next planning cycle.

1.4.6 Other tariff increases.

Annexure C compares current and proposed tariffs for all other services

1.5 Operating Expenditure Framework

The Municipal expenditure framework for the 2015/2016 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/2016 budget and MTREF (classified per main type of operating expenditure):

Table 4 - Summary of operating expenditure by standard classification.

FS164 Naledi (Fs) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type	-										
Employee related costs	2	21,582	23,403	30,986	31,545	32,099	32,099	32,099	34,419	36,312	38,309
Remuneration of councillors		1,726	1,943	1,984	2,396	2,137	2,137	2,137	2,287	2,564	2,564
Debt impairment	3	449		5,000	2,000				1,600	1,500	1,500
Depreciation & asset impairment	2	18,998	18,334	1,500	1,500	-	-	-	1,700	1,700	1,700
Finance charges		2,716	1,732	49	52	63	63	63	77	82	86
Bulk purchases	2	14,792	19,883	29,599	30,397	30,218	30,218	30,218	25,253	26,823	28,465
Other materials	8										
Contracted services		831	83	1,849	1,942	8,465	8,465	8,465	4,547	3,262	3,540
Transfers and grants		-	255	955	5,559	1,000	1,000	1,000	5,793	6,009	6,320
Other expenditure	4, 5	15,597	21,609	13,514	13,928	16,027	16,027	16,027	23,913	22,213	23,996
Loss on disposal of PPE											
Total Expenditure		76,691	87,242	85,436	89,319	90,009	90,009	90,009	99,588	100,466	106,481

1.5.1 Employee related costs

The budgeted allocation for employee related costs for the 2015/2016 financial year totals R36 706 million, which equals 37 per cent of the total operating expenditure. After the statistic done per employee and the vacant budgeted post the salary bill went down to 33 which includes the 6.2% of the collective agreement. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.2 per cent for the 2015/2016 financial year and a 5.8 and 5.5 per cent increase for each of the two outer years of the MTREF. As part of the Municipal cost reprioritization and cash management strategy not all vacancies could be filled. However, the municipality had to respond to an outstanding bargaining council outcome that compels the municipality to fill certain posts within the corporate management unit and the office of the municipal manager. In addition, the Auditor General has raised audit queries over the filling of posts in the budget and treasury unit, including the creation of a fully-fledged Supply Chain Management unit.

1.5.2 Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipal budget.

1.5.3 Bulk purchases

Bulk purchases are directly informed by the purchase of Water from Bloem Water. The current account and the annual price increases have been factored in the budget appropriation and are directly informing the revenue provisions. The expenditure relatively caters for distribution losses on water.

1.5.4 Contracted Services

Contracted service includes the two items of Equipment rental and Insurance.

1.5.5 Other Expenditure

Other expenditure comprises of general expenses which includes among others, audit fees, fuel, diesel, bank charges, printing and stationery, professional fees ,etc.

Table 4.1 - Main Operational Expenditure categories for 2014/2015 expressed as a percentage

Expenditure Category	Amounts - R'000	% of total budget
Employee Cost	34 419	35%
Remuneration of councillors	2 287	2%
Debt Impairment	1 600	2%
Depreciation and asset impairment	1 700	2%
Finance Charges	77	0%
Bulk purchases	25 253	25%
Contracted services	4 547	5%
Other expenditure	29 706	30%
Total expenditure	99 588	100%

1.5.8 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance. The other expenditure includes amongst others materials for maintenance, cleaning materials and chemicals, etc.

Table 5 - Operational repairs and maintenance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services			2,396	458							
Other Expenditure		2,291	1,199	1,199	2,770	2,925	2,925	2,925	4,163	4,129	4,332
Total Repairs and Maintenance Expenditure	9	2,291	3,595	1,657	2,770	2,925	2,925	2,925	3,138	3,267	3,397

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The other expenditure increased by R34 thousand from the financial year 2016/2017 to adjustment 2017/2018. The item of operational repairs shows a marginal increase over the MTREF period, showing a marginal decrease of 1 238 thousand for 2015/16 and R203 thousand for the outer years. This strategic imperative remains a priority as can be seen by the budget appropriation over the MTREF. The need to increase budget appropriation for repairs and maintenance is constrained by inadequate financial resources experienced by the municipality.

1.5.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 5 000 or more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

Table 6 – (A5) Budget Capital Expenditure by Vote, Standard classification and Funding

FS164 Naledi (Fs) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital Expenditure – Standard											
<i>Governance and administration</i>		–	–	235	300	300	300	300	300	340	370
Executive and council				50	50	50	50	50	50	60	70
Budget and treasury office				150	200	200	200	200	200	220	230
Corporate services				35	50	50	50	50	50	60	70
<i>Community and public safety</i>		6,222	9,280	3,880	2,061	2,061	2,061	2,061	1,637	2,045	8,750
Community and social services		6,222	6,222								
Sport and recreation			3058000	3,880	2,011	2,011	2,011	2,011	1,537	1,955	8,650
Public safety											
Housing					50	50	50	50	100	90	100
Health											
<i>Economic and environmental services</i>		6,283	550	401	6,838	6,838	6,838	6,838	10,533	16,792	4,456
Planning and development											
Road transport		6,283	550	401	6,838	6,838	6,838	6,838	10,533	16,792	4,456
Environmental protection											
<i>Trading services</i>		6,975	8,175	11,281	11,987	11,987	11,987	11,987	818	150	5,000
Electricity				81	196	196	196	196	168	150	5,000
Water		2,698	2,698	10,790	11,381	11,381	11,381	11,381	650		
Waste water management		4,277	5,477	410	410	410	410	410			
Waste management											
<i>Other</i>		650	650	100	130	130	130	130	80	100	120
Total Capital Expenditure – Standard	3	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695
Funded by:											
National Government		19,980	18,505	15,811	13,241	13,241	13,241	13,241	13,089	19,118	18,335
Provincial Government					7,905	7,905	7,905	7,905	–		
District Municipality											
Other transfers and grants									–	–	–



Transfers recognised – capital	4	19,980	18,505	15,811	21,146	21,146	21,146	21,146	13,089	19,118	18,335
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		150	150	86	170	170	170	170	280	310	360
Total Capital Funding	7	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695

For the 2015/16 financial year an amount of R 13 369 million has been appropriated for the development of infrastructure of the total capital expenditure. The two outer year's totals amount to R 19 428 million and R18 695 million respectively

Table 6.1 - Break down of budgeted capital expenditure for 2015/16

Project Name	Funding	Budgeted Amount
Regravelling of sports center	MIG	9 372 000
Elevated tank	MIG	650 000
Multi-purpose sports complex	MIG	1 537 357
Paving of internal street	MIG	1 161 143
Own fund	OWN FUND	221 000
PMU	MIG	669 500
FMG	FMG	200 000
TOTAL CAPITAL EXPENDITURE		13 369 000

1.7 Annual Budget Tables

The following tables present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/2016 budget and MTREF as approved by the Council

FS164 Naledi (Fs) - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	3,790	6,574	4,272	4,537	4,829	4,829	4,829	5,382	5,694	6,007
Service charges	25,962	26,576	33,303	35,681	35,681	35,681	35,681	38,992	42,142	49,528
Investment revenue	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	47,654	58,552	41,740	43,045	43,045	43,045	43,045	44,772	44,178	43,758
Other own revenue	18,232	4,492	6,126	6,284	6,492	6,492	6,492	10,935	8,630	8,904
Total Revenue (excluding capital transfers and contributions)	95,638	96,194	85,441	89,547	90,047	90,047	90,047	100,080	100,644	108,197
Employee costs	21,582	23,403	30,986	31,545	32,099	32,099	32,099	34,419	36,312	38,309
Remuneration of councillors	1,726	1,943	1,984	2,396	2,137	2,137	2,137	2,287	2,564	2,564
Depreciation & asset impairment	18,998	18,334	1,500	1,500	–	–	–	1,700	1,700	1,700
Finance charges	2,716	1,732	49	52	63	63	63	77	82	86
Materials and bulk purchases	14,792	19,883	29,599	30,397	30,218	30,218	30,218	25,253	26,823	28,465
Transfers and grants	–	255	955	5,559	1,000	1,000	1,000	5,793	6,009	6,320
Other expenditure	16,877	21,692	20,363	17,870	24,492	24,492	24,492	30,060	26,975	29,036
Total Expenditure	76,691	87,242	85,436	89,319	90,009	90,009	90,009	99,588	100,466	106,481
Surplus/(Deficit)	18,947	8,952	5	228	38	38	38	492	178	1,716
Transfers recognised - capital	11,280	16,963	15,811	21,317	21,317	21,317	21,317	13,369	19,428	18,695
Contributions recognised - capital & contributed assets	(11,280)	(16,963)	(15,811)	(21,317)	(21,317)	(21,317)	(21,317)	(13,369)	(19,428)	(18,695)
Surplus/(Deficit) after capital transfers & contributions	18,947	8,952	5	228	38	38	38	493	178	1,716
Share of surplus/ (deficit) of associate	(859)	(349)	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	18,088	8,603	5	228	38	38	38	493	178	1,716
Capital expenditure & funds sources										
Capital expenditure	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695
Transfers recognised - capital	19,980	18,505	15,811	21,146	21,146	21,146	21,146	13,089	19,118	18,335
Public contributions & donations	–	–	–	–	–	–	–	–	–	–



Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	150	150	86	170	170	170	170	280	310	360
Total sources of capital funds	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695
<u>Financial position</u>										
Total current assets	13,579	18,361	9,148	9,148	9,148	9,148	9,148	9,148	9,148	9,148
Total non current assets	254,382	293,760	291,333	291,333	291,333	291,333	291,333	291,333	291,333	291,333
Total current liabilities	26,301	42,882	42,496	42,496	42,496	42,496	42,496	42,496	42,496	42,496
Total non current liabilities	423	2,879	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958
Community wealth/Equity	28,306	266,360	255,027	255,027	255,027	255,027	255,027	255,027	255,027	255,027
<u>Cash flows</u>										
Net cash from (used) operating	10,775	26,358	19,223	19,223	19,223	19,223	19,223	27,716	22,231	18,302
Net cash from (used) investing	15,598	(31,002)	(16,129)	(16,129)	(16,129)	(16,129)	(16,129)	(24,318)	(19,003)	(14,593)
Net cash from (used) financing	-	(560)	(560)	(560)	(560)	(560)	(560)	-	-	-
Cash/cash equivalents at the year end	(5,036)	(10,240)	9,180	3,977	2,534	2,534	2,534	3,398	6,626	10,335
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	(12,171)	1,441	4,421	4,421	4,421	4,421	4,421	4,421	4,421	4,421
Application of cash and investments	17,880	16,510	27,668	27,796	27,818	27,818	27,818	25,304	25,085	25,506
Balance - surplus (shortfall)	(30,051)	(15,068)	(23,247)	(23,375)	(23,397)	(23,397)	(23,397)	(20,883)	(20,664)	(21,085)
<u>Asset management</u>										
Asset register summary (WDV)	-	2,831	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401
Depreciation & asset impairment	18,998	18,334	1,500	1,500	-	-	1,700	1,700	1,700	1,700
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	878	1,175	2,496	2,770	2,925	2,925	4,163	4,163	4,129	4,332
<u>Free services</u>										
Cost of Free Basic Services provided	3,211	4,496	4,483	5,558	1,000	1,000	5,793	5,793	6,009	6,320
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<u>Households below minimum service level</u>										
Water:	0	0	-	-	-	-	-	-	-	-
Sanitation/sewerage:	0	0	0	0	-	-	-	-	-	-
Energy:	0	0	0	0	0	0	0	0	0	0
Refuse:	-	-	-	-	-	-	-	-	-	-



FS164 Naledi (Fs) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework				
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
<i>Governance and administration</i>		27,480	43,774	36,924	37,978	38,436	38,436	41,652	40,315	40,777
Executive and council		8,206	17,220	13,344	14,014	14,305	14,305	13,832	14,164	14,477
Budget and treasury office		14,061	20,097	17,217	17,763	17,930	17,930	21,248	19,395	19,354
Corporate services		5,213	6,457	6,363	6,201	6,201	6,201	6,572	6,756	6,946
<i>Community and public safety</i>		10,161	8,619	3,405	3,461	3,499	3,499	7,575	6,526	6,451
Community and social services		8,890	8,277	3,050	3,142	3,180	3,180	3,318	3,266	3,208
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		90	100	103	106	106	106	81	69	56
Housing		272	242	252	213	213	213	4,177	3,192	3,186
Health		909	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5,993	8,495	5,928	6,262	6,262	6,262	5,963	5,872	5,771
Planning and development		776	849	915	1,133	1,133	1,133	660	647	634
Road transport		5,217	7,646	5,013	5,129	5,129	5,129	5,304	5,224	5,137
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		20,834	46,835	39,183	41,848	41,849	41,849	44,890	47,931	55,198
Electricity		233	19,931	23,222	25,077	25,077	25,077	26,922	29,372	36,056
Water		8,992	18,699	7,600	7,957	7,958	7,958	8,544	8,751	8,952
Waste water management		8,232	5,340	4,478	4,733	4,733	4,733	5,012	5,246	5,480
Waste management		3,377	2,865	3,883	4,081	4,081	4,081	4,413	4,562	4,710
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	64,468	107,723	85,440	89,549	90,046	90,046	100,080	100,644	108,197
Expenditure - Standard	-									
<i>Governance and administration</i>		25,999	44,430	37,624	34,777	40,644	40,644	42,179	40,184	42,393
Executive and council		10,213	24,723	19,076	16,686	12,796	12,796	17,546	17,123	17,882
Budget and treasury office		10,245	12,917	10,324	9,879	19,396	19,396	15,465	13,733	14,669
Corporate services		5,541	6,790	8,224	8,212	8,452	8,452	9,168	9,329	9,842
<i>Community and public safety</i>		10,135	6,608	4,552	4,397	4,153	4,153	6,497	6,695	6,996
Community and social services		8,923	5,313	3,039	2,830	2,911	2,911	3,277	3,274	3,454
Sport and recreation		-	-	-	-	-	-	-	-	-



Public safety		53	520	251	260	227	227	299	317	334
Housing		250	244	537	957	1,015	1,015	2,921	2,954	3,038
Health		909	531	725	350	-	-	-	150	170
<i>Economic and environmental services</i>		3,542	7,358	5,110	6,051	5,757	5,757	5,695	5,933	6,293
Planning and development		390	547	890	930	900	900	600	600	722
Road transport		3,152	6,811	4,220	5,121	4,857	4,857	5,095	5,333	5,571
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24,738	49,233	38,049	44,104	39,455	39,455	45,216	47,654	50,799
Electricity		825	18,273	23,307	24,552	24,842	24,842	25,614	27,507	29,544
Water		11,729	23,041	9,524	11,012	8,482	8,482	9,814	10,035	10,587
Waste water management		9,585	6,311	3,246	5,539	3,997	3,997	6,090	6,306	6,652
Waste management		2,599	1,608	1,972	3,001	2,134	2,134	3,698	3,807	4,016
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	64,414	107,629	85,335	89,329	90,009	90,009	99,588	100,466	106,481
Surplus/(Deficit) for the year		54	94	105	220	37	37	493	178	1,716

..



FS164 Naledi (Fs) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure – Vote											
<u>Multi-year expenditure to be appropriated</u>	2										
Vote 1 - [NAME OF VOTE 1]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE 2]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - [NAME OF VOTE 1]		-	-	50	50	50	50	50	50	60	70
Vote 2 - [NAME OF VOTE 2]		-	-	150	200	200	200	200	200	220	230
Vote 3 - [NAME OF VOTE 3]		6,222	-	35	50	50	50	50	50	60	70
Vote 4 - [NAME OF VOTE 4]		13,908	18,655	15,661	21,016	21,016	21,016	21,016	12,939	18,958	18,175
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-



Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	130	130	150
Capital single-year expenditure sub-total		20,130	18,655	15,896	21,316	21,316	21,316	21,316	13,369	19,428	18,695
Total Capital Expenditure – Vote		20,130	18,655	15,896	21,316	21,316	21,316	21,316	13,369	19,428	18,695
<u>Capital Expenditure – Standard</u>											
<i>Governance and administration</i>		-	-	235	300	300	300	300	300	340	370
Executive and council				50	50	50	50	50	50	60	70
Budget and treasury office				150	200	200	200	200	200	220	230
Corporate services				35	50	50	50	50	50	60	70
<i>Community and public safety</i>		6,222	9,280	3,880	2,061	2,061	2,061	2,061	1,637	2,045	8,750
Community and social services		6,222	6,222								
Sport and recreation			3058000	3,880	2,011	2,011	2,011	2,011	1,537	1,955	8,650
Public safety											
Housing					50	50	50	50	100	90	100
Health											
<i>Economic and environmental services</i>		6,283	550	401	6,838	6,838	6,838	6,838	10,533	16,792	4,456
Planning and development											
Road transport		6,283	550	401	6,838	6,838	6,838	6,838	10,533	16,792	4,456
Environmental protection											
<i>Trading services</i>		6,975	8,175	11,281	11,987	11,987	11,987	11,987	818	150	5,000
Electricity				81	196	196	196	196	168	150	5,000
Water		2,698	2,698	10,790	11,381	11,381	11,381	11,381	650		
Waste water management		4,277	5,477	410	410	410	410	410			
Waste management										-	-
<i>Other</i>		650	650	100	130	130	130	130	80	100	120
Total Capital Expenditure – Standard	3	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695
<u>Funded by:</u>											
National Government		19,980	18,505	15,811	13,241	13,241	13,241	13,241	13,089	19,118	18,335
Provincial Government					7,905	7,905	7,905	7,905	-		
District Municipality											
Other transfers and grants									-	-	-
Transfers recognised – capital	4	19,980	18,505	15,811	21,146	21,146	21,146	21,146	13,089	19,118	18,335
Public contributions & donations	5										
Borrowing	6										



38

Internally generated funds		150	150	86	170	170	170	170	280	310	360
Total Capital Funding	7	20,130	18,655	15,897	21,316	21,316	21,316	21,316	13,369	19,428	18,695



Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		11,380	28,260	18,286	18,286	18,286	18,286	18,286	5,382	5,694	6,007
Service charges									38,742	45,188	47,672
Other revenue			4,134	1,835	1,835	1,835	1,835	1,835	9,655	6,697	6,154
Government – operating	1	35,528	36,633	50,404	50,404	50,404	50,404	50,404	43,852	43,333	45,716
Government – capital	1	15,598	18,463	19,282	19,282	19,282	19,282	19,282	24,318	19,003	14,593
Interest		32	259	122	122	122	122	122	231	244	257
Dividends		5	3	3	3	3	3	3	6	7	7
Payments											
Suppliers and employees		(51,768)	(59,287)	(69,369)	(69,369)	(69,369)	(69,369)	(69,369)	(88,600)	(91,844)	(95,698)
Finance charges			(2,107)	(1,341)	(1,341)	(1,341)	(1,341)	(1,341)	(77)	(82)	(86)
Transfers and Grants	1								(5,793)	(6,009)	(6,320)
NET CASH FROM/(USED) OPERATING ACTIVITIES		10,775	26,358	19,223	19,223	19,223	19,223	19,223	27,716	22,231	18,302
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments			(14)						-	-	-
Payments											
Capital assets		15,598	(30,988)	(16,129)	(16,129)	(16,129)	(16,129)	(16,129)	(24,318)	(19,003)	(14,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		15,598	(31,002)	(16,129)	(16,129)	(16,129)	(16,129)	(16,129)	(24,318)	(19,003)	(14,593)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing								(447)	-	-	-



			(447)	(447)	(447)	(447)	(447)				
Increase (decrease) in consumer deposits			(114)	(114)	(114)	(114)	(114)	(114)	–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(560)	(560)	(560)	(560)	(560)	(560)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		26,373	(5,204)	2,534	2,534	2,534	2,534	2,534	3,398	3,228	3,709
Cash/cash equivalents at the year begin:	2	(31,409)	(5,036)	6,646	1,443				–	3,398	6,626
Cash/cash equivalents at the year end:	2	(5,036)	(10,240)	9,180	3,977	2,534	2,534	2,534	3,398	6,626	10,335

FS164 Naledi (Fs) - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		(12,230)	1,441	4,421	4,421	4,421	4,421	4,421	4,421	4,421	4,421
Call investment deposits	1	59	-	-	-	-	-	-	-	-	-
Consumer debtors	1	16,750	16,121	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417
Other debtors		9,000	594	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202
Current portion of long-term receivables			155	28	28	28	28	28	28	28	28
Inventory	2		50	81	81	81	81	81	81	81	81
Total current assets		13,579	18,361	9,148	9,148	9,148	9,148	9,148	9,148	9,148	9,148
Non current assets											
Long-term receivables											
Investments											
Investment property			2,520	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090
Investment in Associate											
Property, plant and equipment	3	254,382	290,855	289,833	289,833	289,833	289,833	289,833	289,833	289,833	289,833
Agricultural											
Biological											
Intangible			311	311	311	311	311	311	311	311	311
Other non-current assets			73	98	98	98	98	98	98	98	98
Total non current assets		254,382	293,760	291,333	291,333	291,333	291,333	291,333	291,333	291,333	291,333
TOTAL ASSETS		267,961	312,121	300,481	300,481	300,481	300,481	300,481	300,481	300,481	300,481
LIABILITIES											
Current liabilities											
Bank overdraft	-										
Borrowing	4	114	-	-	-	-	-	-	-	-	-
Consumer deposits			561	569	569	569	569	569	569	569	569
Trade and other payables	4	23,987	30,896	29,795	29,795	29,795	29,795	29,795	29,795	29,795	29,795
Provisions		2,200	11,426	12,132	12,132	12,132	12,132	12,132	12,132	12,132	12,132
Total current liabilities		26,301	42,882	42,496	42,496	42,496	42,496	42,496	42,496	42,496	42,496
Non current liabilities											



Borrowing Provisions		423 –	310 2,569	201 2,757	201 2,757	201 2,757	201 2,757	201 2,757	201 2,757	201 2,757	201 2,757
Total non current liabilities		423	2,879	2,958	2,958	2,958	2,958	2,958	2,958	2,958	2,958
TOTAL LIABILITIES		26,724	45,761	45,454	45,454	45,454	45,454	45,454	45,454	45,454	45,454
NET ASSETS	5	241,237	266,360	255,027	255,027	255,027	255,027	255,027	255,027	255,027	255,027
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		28,306	266,360	255,027	255,027	255,027	255,027	255,027	255,027	255,027	255,027
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	28,306	266,360	255,027	255,027	255,027	255,027	255,027	255,027	255,027	255,027

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipal IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and priorities in the allocation of resources

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 25 August 2012. Key dates applicable to the process were as follows (*refer to the table listed below*):

Integrated Development Plan (IDP)

Process Plan

Compiled in terms of **Sections 27, 28 and 29 of the Local Government: Municipal Systems Act, No 32 of 2000** (*framework for integrated planning, adoption of process and process to be followed*) including a time schedule in terms of **Section 21 of the Local Government: Municipal Finance Management Act, No 56 of 2003** (*budget preparation process*)

Adopted by the Municipal Council on Thursday, 27 November 2014

The **IDP** is a municipality's **principal strategic plan** that deals with the following:

- the most critical development needs of the municipal area (**external focus**), as well as
- the most critical governance needs of the municipality as an organisation (**internal focus**).

The IDP –

- 1. is adopted by the municipal council within one year after a municipal election and remains in force for the council's elected term (a period of five years);**
- 2. is drafted and reviewed annually in consultation with the local community as well as interested organs of state and other role-players;**
- 3. guides and informs all planning and development, and all decisions with regard to planning, management and development;**
- 4. forms the framework and basis for the municipality's medium term expenditure framework, annual budgets and performance management system; and**
- 5. seeks to promote integration by balancing the economic, ecological and social pillars for sustainability (without compromising the institutional capacity required in its implementation), and coordinating actions across sectors and spheres of government.**

Contents

1. Introduction

- 1.1 Point of departure
- 1.2 Area of the IDP
- 1.3 Five year cycle of the IDP
- 1.4 Phases of the annual process

2. Legal requirements

3. Preparation for the process

4. Organisational arrangements

- 4.1 Activities and outputs
- 4.2 Structured participation
- 4.3 Ward Committees
- 4.4 Naledi Local Municipality's IDP Representatives Forum

5. Roles and responsibilities

- 5.1 Activities and outputs
- 5.2 Proposed distribution of roles and responsibilities between the municipality and external role-players
- 5.3 Proposed distribution of roles and responsibilities within the Municipality

6. Intergovernmental alignment

7. IDP content

- 7.1 Legally required content of a five year IDP
- 7.2 Suggested table of contents

8. Annual revisions of the five year IDP (Annual Plans)

8.1 Legal requirements

8.2 Purpose of a review (Annual Plan)

8.3 What the review is not

9. IDP source documents

10. Annexure A (IDP and Budget Time Schedule)

11. Conclusion

12. Approval or adoption

INTRODUCTION

1.1 Point of departure

Integrated development planning is the key tool for local government to cope with its role and function in terms of the Constitution of the Republic of South Africa and other applicable legislation. In contrast to the role municipal strategic planning has played in the past, integrated development planning is now seen as a function of municipal management, as part of an integrated system of planning and delivery. The IDP process is meant to arrive at decisions on issues such as municipal budget priorities, land management, social and economic development and institutional transformation in a consultative, systematic and strategic manner.

The integrated development planning process has to provide a forum for identifying, discussing and resolving the real issues in a municipality (which may be over-arching issues for the whole municipality as well as issues of specific communities or stakeholder groups) to a level of detail that is required for realistic costing and managing the implementation process without much delay.

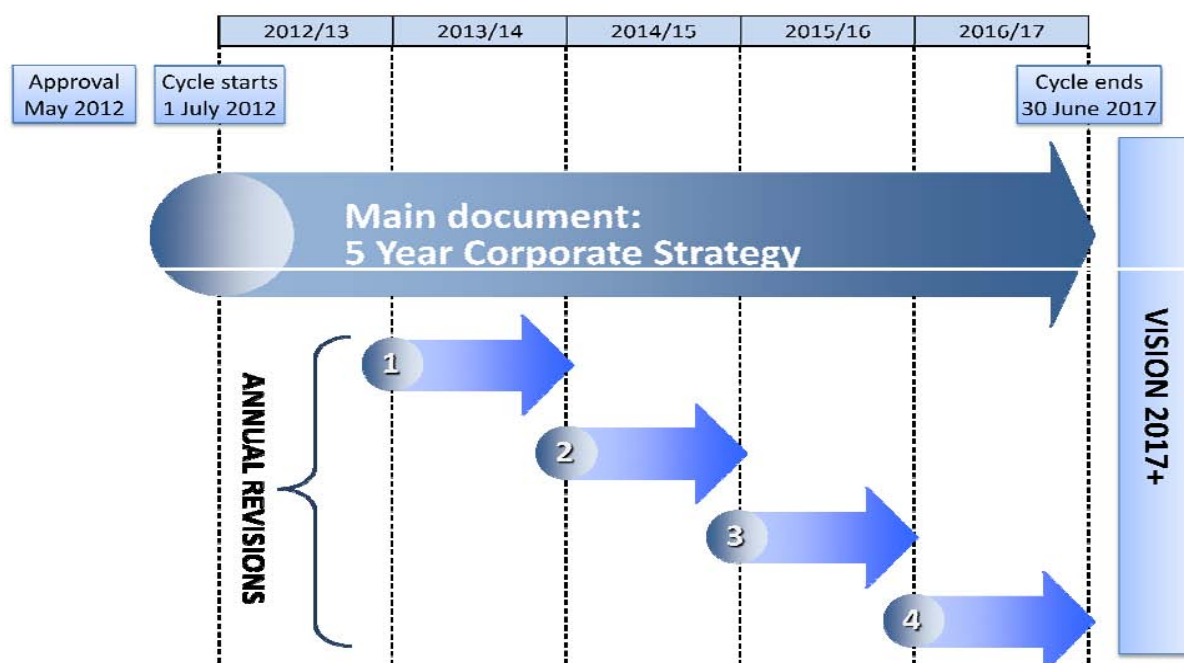
The Process Plan fulfils the function of a business plan or an operational framework for the IDP process. It says in a simple and transparent manner what has to happen when, by whom, with whom, and where, and it includes a budget.

1.2 Area of the IDP

The IDP will be applicable to the **Naledi Local Municipal area** which includes the following towns and settlements: **Dewetsdorp, Van Stadensrus and Wepener.**

The municipality has the **fourth largest** surface area (geographic size) of the four local municipalities in the Xhariep District, covering **3424** square kilometers (km²).

1.3 Five (5) year cycle of the IDP



1.4 Phases of the annual process

The IDP process normally goes through the following phases during the course of a year:

PHASE	TASKS	MECHANISMS
1. Analysis	External Analysis	
	<ul style="list-style-type: none"> Spatial Social Economic Environmental 	<ul style="list-style-type: none"> Scan sector plans Surveys if necessary Spatial Development Framework (SDF)
	<ul style="list-style-type: none"> Sector needs and issues 	<ul style="list-style-type: none"> Discussions with major sector role-players
	Compilation or Revision of Area-based or Ward Plans	
	<ul style="list-style-type: none"> Ward profiles Service backlogs Priority issues 	<ul style="list-style-type: none"> Ward Committee meetings and workshops Ward stakeholder meetings Ward general or public meetings Inputs from the MM, Directors and line managers

PHASE	TASKS	MECHANISMS
	Internal Analysis	
	<ul style="list-style-type: none"> Critical issues or challenges Minimum service levels 	<ul style="list-style-type: none"> In-house exercise by the Municipal Manager (MM), Director Financial Services or Chief Financial Officer (CFO), all other Directors and line managers
	<ul style="list-style-type: none"> Institutional 	<ul style="list-style-type: none"> In-house exercise by the Director Corporate Support Services
	<ul style="list-style-type: none"> Financial 	<ul style="list-style-type: none"> In-house exercise by the CFO
	<ul style="list-style-type: none"> Performance 	<ul style="list-style-type: none"> Annual customer satisfaction survey Performance assessments
	Intergovernmental Alignment	
	<ul style="list-style-type: none"> Obtain inputs from National and Provincial Government, State Owned Enterprises (SOEs) and other major service providers 	<ul style="list-style-type: none"> District level technical and political intergovernmental relations meetings facilitated by the Xhariep District Municipality
2. Strategy	<ul style="list-style-type: none"> Municipal Council and Management discuss strategic issues such as the vision and mission, future directions, strategic outcomes and outputs, as well as measures and targets of each strategic output 	<ul style="list-style-type: none"> Strategic workshops Stakeholder workshops IDP and Budget Steering Committee meetings IDP Representative Forum meetings
3. Programmes, projects and preliminary capital budget	<ul style="list-style-type: none"> Review programmes and projects and provide for priorities and outputs desired for the next three (3) years with updated cost estimates Finalise strategic priorities and preliminary budget allocations 	<ul style="list-style-type: none"> In-house exercise by the MM, CFO, all other Directors and line managers
4. Operating budget	<ul style="list-style-type: none"> Prepare a draft operating budget 	<ul style="list-style-type: none"> In-house exercise by the MM, CFO, all other Directors and line managers
5. Approval of draft IDP and	<ul style="list-style-type: none"> Finalise and approve draft IDP and 	<ul style="list-style-type: none"> In-house preparation of the relevant documentation and

PHASE	TASKS	MECHANISMS
draft annual budget	draft annual Budget	submission to the Municipal Council

1. LEGAL REQUIREMENTS

In order to ensure certain minimum quality standards of the IDP process and a proper coordination between and within the spheres of government, the district municipal IDP process is regulated by the Municipal Systems Act, No 32 of 2000 (MSA). The Act requires the following regarding the process:

Section 27 (Framework for integrated development planning)

- (1) Each district municipality, within a prescribed period after the start of its elected term and after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning in the area as a whole.
- (2) A framework referred to in subsection (1) binds both the district municipality and the local municipalities in the area of the district municipality, and must at least –
 - (a) identify the plans and planning requirements binding in terms of national and provincial legislation on the district municipality and the local municipalities or on any specific municipality;
 - (b) identify the matters to be included in the integrated development plans of the district municipality and the local municipalities that require alignment;
 - (c) specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters; and
 - (d) determine procedures –
 - (i) for consultation between the district municipality and the local municipalities during the process of drafting their respective integrated development plans; and
 - (ii) to effect essential amendments to the framework.

Section 28 (Adoption of process)

- (1) Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan.
- (2) The municipality must through appropriate mechanisms, processes and procedures established in terms of Chapter 4, consult the local community before adopting the process.
- (3) A municipality must give notice to the local community of particulars of the process it intends to follow.

Section 29 (Process to be followed)

- (1) The process followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan, must –
 - (a) be in accordance with a predetermined programme specifying time frames for the different steps;
 - (b) through appropriate mechanisms, processes and procedures established in terms of Chapter 4, allow for –
 - (i) the local community to be consulted on its development needs and priorities;
 - (ii) the local community to participate in the drafting of the integrated development plan; and
 - (iii) organs of state, including traditional authorities, and other role-players to be identified and consulted on the drafting of the integrated development plan;
 - (c) provide for the identification of all plans and planning requirements binding on the municipality in terms of national and provincial legislation; and
 - (d) be consistent with any other matters that may be prescribed by regulation.
- (2) A district municipality must –
 - (a) plan integrated development for the area of the district municipality as a whole but in close consultation with the local municipalities in that area;
 - (b) align its integrated development plan with the framework adopted in terms of section 27; and
 - (c) draft its integrated development plan, taking into account the integrated development processes of, and proposals submitted to it by the local municipalities in that area.
- (3) A local municipality must –
 - (a) align its integrated development plan with the framework adopted in terms of section 27; and
 - (b) draft its integrated development plan, taking into account the integrated development processes of, and proposals submitted to it by the district municipality.

2. PREPARATION FOR THE PROCESS

The result of the preparation process should not only be a document (the Process Plan), but also a well prepared council and management leadership collective, that is confident about the task ahead.

The Process Plan outlines the following issues:

- Organisational arrangements are established and the membership of committees and forums is clarified.

- Roles and responsibilities are clarified and internal human resources allocated accordingly.
- The legal requirements, principles and functions of community and stakeholder participation during the IDP process – *who has to be involved, consulted and informed, at which stage of the process and by which means?*
- Mechanisms and procedures for alignment with external stakeholders such as other municipalities, districts and other spheres of government – *such alignment should be coordinated at district level.*
- An example of a table of contents for the IDP is provided.
- Legislation and policy requirements that have to be considered in the course of the IDP process are provided – *the list contains documents, guidelines, plans and strategies from the provincial and national spheres of government.*

NOTE:

- *The preparation task for IDP is a task of municipal management – **the preparation process should contribute to the institutional preparedness of the municipality for the IDP process.***
- *Nobody else, therefore, can make the management decisions involved in it, except the Municipal Manager.*

3. ORGANISATIONAL ARRANGEMENTS

4.1 Activities and outputs

The municipality needs to establish a set of organisational arrangements to:

- institutionalise the participation process;
- effectively manage outputs; and
- give affected parties access to contribute to the decision making process.

NOTE: *The municipality should consider existing arrangements, use and adapt them if necessary, and avoid duplication of mechanisms. This section deals with the organisational structure and the terms of reference for each of the arrangements and / or structures.*

4.2 Structured participation

The IDP process and the participation of the community in this process have to be structured and considerate of the Naledi Local Municipality's geographical area of 3424 square kilometers and its population of 24314. It is not possible to allow for direct participation of people in an unstructured way.

The directive from national government on how community participation should be structured is the ward committee system. Most of the IDP liaison with communities will be done through ward committees and ward constituency public meetings.

Although ward committees provide for representation of communities on a geographical basis, there are also a number of sector interests not covered by ward committees that play a major role within the municipal area, such as education, business and agriculture. Liaison with, and involvement of such sector groups is therefore also crucial in order to get a full picture of the current reality in our area. Liaison with sector groups will be done mainly through the Naledi Local Municipality's IDP Representative Forum and workshops.

4.3 Ward committees

The role of the Ward Committees with respect to the IDP is to:

- Assist the Ward Councillor in identifying challenges and needs of residents.
- Provide a mechanism for discussion and negotiation between the stakeholders within the ward.
- Advise and make recommendations to the Ward Councillor on matters and policy affecting the ward.
- Disseminate information in the ward.
- Ensure constructive and harmonious interaction between the municipality and community.
- Interact with other forums and organisations on matters affecting the ward.
- Draw up a ward plan that offers suggestions on how to improve service delivery in the particular ward.
- Monitor the implementation process concerning its area.

NOTE: *The chairperson of the Ward Committee is the Ward Councillor of that particular ward.*

4.4 Naledi Local Municipality's IDP Representatives Forum

The Municipality's IDP Representative Forum comprises of the Mayor, Ward and Proportional Representation Councillors, two (2) members from each ward committee (8 members), **the Municipal Manager** and officials attached to his / her office (*IDP, Organisational Performance Management System, Local Economic Development, Internal Audit and Risk Management*), **the CFO, all other Directors**, as well as any other role-player(s) or stakeholder(s) co-opted onto the Forum for one or more meetings or for a specific purpose by the Municipal Council.

NOTE: *The sole purpose of the IDP Representatives Forum will be to advise the Municipal Council on matters relating to the IDP. It will not have any decision making powers.*

4.5 Naledi Local Municipality's IDP and Budget Steering Committee

The Municipality's IDP and Budget Steering Committee comprises of the Municipal Manager and officials attached to his / her office (*IDP, Organisational Performance Management System, Local Economic Development, Internal Audit and Risk Management*), the CFO, all other Directors, Office Manager or representative from the office of the Mayor, **the Mayor and three (3) other Councillors appointed by the Municipal Council**, as well as any other role-player(s) or stakeholder(s) co-opted onto the committee by the Municipal Manager for one or more meetings or for a specific purpose.

NOTE: *The sole purpose of the IDP and Budget Steering Committee will be to advise the Municipal Manager and management on matters relating to the IDP. It will not have any decision making powers.*

4. ROLES AND RESPONSIBILITIES

5.1 Activities and outputs

It is one of the pre-requisitions of a smooth and well organised IDP process that all role-players are fully aware of their own and of other role-players' responsibilities. Therefore, it is one of the first preparation requirements for the IDP process to ensure that there is a clear understanding of all required roles and of the persons or organisations that can assume those roles. This section deals with the:

- roles which the municipality has to play in the IDP process in relation to the roles which external role players are expected to play;
- further specification of roles within the Municipality and the responsibilities related to that role in detail.

5.2 Proposed distribution of roles and responsibilities between the municipality and external role players

ROLE PLAYER	ROLES AND RESPONSIBILITIES
Naledi Local Municipality	<ul style="list-style-type: none"> • Prepare and adopt the IDP Process Plan. • Undertake the overall management and co-ordination of the IDP process which includes ensuring that: <ul style="list-style-type: none"> ○ all relevant role-players are appropriately involved; ○ appropriate mechanisms and procedures for community participation are applied; ○ events are undertaken in accordance with the approved time schedule; ○ the IDP relates to the real burning

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<p>issues in the municipality; and</p> <ul style="list-style-type: none"> ○ the sector planning requirements are satisfied. <ul style="list-style-type: none"> • Prepare and adopt the IDP. • Adjust the IDP in accordance with the MEC's proposals. • Ensure that the annual business plans, budget and performance management system are linked to and based on the IDP.
<p>Local residents, communities and stakeholders</p>	<ul style="list-style-type: none"> • Represent interests and contribute knowledge and ideas in the IDP process by participating in and through the Ward Committees or the IDP Representatives Forum to: <ul style="list-style-type: none"> ○ analyse issues, determine priorities, and provide input; ○ keep their constituencies informed on IDP activities and their outcomes; and ○ discuss and comment on the draft IDP.
<p>Xhariep District Municipality</p>	<ul style="list-style-type: none"> • Same roles and responsibilities as local municipalities but related to the preparation of the District IDP – <i>the District Municipality must also prepare a District Framework (MSA Section 27).</i> • Fulfill a coordination and facilitation role by ensuring alignment of the IDPs of the municipalities in the district council area; <ul style="list-style-type: none"> ○ ensuring alignment between the district and local planning; ○ facilitation of alignment of IDPs with other spheres of government and sector departments; and ○ preparation of joint strategy workshops with local municipalities, provincial and national role-players;

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	and other subject matter specialists.
Provincial Government	<ul style="list-style-type: none"> • Ensure horizontal alignment of the IDPs of the district municipalities within the province. • Ensure vertical / sector alignment between provincial sector departments / provincial strategic plans and the IDP process at local / district level by: <ul style="list-style-type: none"> ○ guiding the provincial sector departments' participation in and their required contribution to the municipal IDP process; and ○ guiding them in assessing draft IDPs and aligning their sector programmes and budgets with the IDP's. • Efficient financial management of provincial IDP grants. • Monitor the progress of the IDP processes. • Facilitate resolution of disputes related to the IDP. • Assist the municipality in the IDP drafting process where required. • Organise IDP related training where required. • Co-ordinate and manage the MEC's assessment of the IDP.
Sector Departments and Corporate Service Providers	<ul style="list-style-type: none"> • Contribute relevant information on the provincial sector departments' plans, programmes, budgets, objectives, strategies and projects in a concise and accessible manner. • Contribute sector expertise and technical knowledge to the formulation of municipal strategies and projects. • Engage in a process of alignment with district municipalities. • Participate in the provincial management

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	system of co-ordination.

5.3 Proposed distribution of roles and responsibilities within the municipality

ROLE PLAYER	ROLES AND RESPONSIBILITIES
Municipal Council	<ul style="list-style-type: none"> Consider and approve the IDP. Consider and approve the Budget.
MSA Section 79 Municipal Council's Planning & Budget Committees – <i>Municipal Structures Act Section 79 Committees</i>	<ul style="list-style-type: none"> Responsible for the overall management, co-ordination and monitoring of the process and drafting of the IDP and budget. Assign and delegate responsibilities in this regard to the municipal manager. Approve nominated persons to be in charge of the different roles, activities and responsibilities of the process and drafting. Submit the draft IDP and budget to the Council for adoption. Through the Mayor, presides at meetings of the Naledi Local Municipality's IDP Representatives Forum.
Ward Councillors	<ul style="list-style-type: none"> Form a link between the municipal government and the residents. Link the IDP process to constituencies and / or wards. Assist in organising public consultation and participation (with particular reference to the functioning and participation of ward committees). Monitor the implementation of the IDP at ward level.
Municipal Manager	<ul style="list-style-type: none"> Prepare the IDP Process Plan. Undertake the day to day management and co-ordination of the IDP process. Ensure that all relevant actors are appropriately involved and timeously informed.

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<ul style="list-style-type: none"> • Nominate technical persons in charge of different roles. • Ensure that the IDP process is participatory, strategic, implementation orientated, aligned with and satisfies sector planning requirements. • Respond to comments on the draft IDP. • Ensure proper IDP documentation. • Adjust the IDP in accordance with the MEC's proposals. • Presides at meetings of the Naledi Local Municipal IDP and Budget Steering Committee.
Directors and line managers	<ul style="list-style-type: none"> • Provide relevant technical, sector and financial information for analysis for determining priority issues. • Contribute technical expertise in the consideration and finalisation of strategies and identification of projects. • Provide departmental operational and capital budgetary information. • Responsible for the preparation of project proposals, the integration of projects and sector programmes.

5. INTERGOVERNMENTAL ALIGNMENT

The IDP requires alignment with other spheres of government at different stages during the process. Before starting with the IDP process the municipality needs to understand where alignment should take place and through which mechanism this can best be achieved. Alignment is the instrument to synchronize and integrate the IDP process between different spheres of government. The alignment process must reveal how National and Provincial Government and the District Municipality could tangibly assist this Municipality in achieving its developmental objectives.

The desired outcome of intergovernmental alignment is –

- to make government as a whole work together;
- to improve the impact of its programmes; and
- to work towards achieving common objectives and outcomes, particularly with respect to economic growth for job creation and addressing the needs of the poor.

Efficient performance of government, integration and alignment across all spheres of government can be realized through focused implementation.

The alignment process MUST be co-ordinated by the Xhariep District Municipality and the alignment meetings should take place on district level with the involvement of all local municipalities.

6. IDP CONTENT

7.1 Legally required content of a five (5) year IDP

Section 26 of the MSA: Core components of integrated development plans

An integrated development plan must reflect –

- (a) the municipal council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- (b) an assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- (c) the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- (d) the council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- (e) a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- (f) the council's operational strategies;
- (g) applicable disaster management plans;
- (h) a financial plan, which must include a budget projection for at least the next three years; and
- (i) the key performance indicators and performance targets determined in terms of section 41.

Regulation 2 of the 2001 Municipal Planning and Performance Management Regulations

Details of an integrated development plan

- (1) A municipality's integrated development plan must at least identify –
 - (a) the institutional framework, which must include an organogram, required for –
 - (i) the implementation of the integrated development plan; and
 - (ii) addressing the municipality's internal transformation needs, as informed by the strategies and programmes set out in the integrated development plan;
 - (b) any investment initiatives in the municipality;

- (c) any development initiatives in the municipality, including infrastructure, physical, social, economic and institutional development;
 - (d) all known projects, plans and programmes to be implemented within the municipality by any organ of state; and
 - (e) the key performance indicators set by the municipality.
- (2) An integrated development plan may –
- (a) have attached to it maps, statistics and other appropriate documents; or
 - (b) refer to maps, statistics and other appropriate documents that are not attached, provided they are open for public inspection at the Offices of the municipality in question.
- (3) A financial plan reflected in a municipality's integrated development plan must at least –
- (a) include the budget projection required by section 26(h) of the Act;
 - (b) indicate the financial resources that are available for capital project developments and operational expenditure; and
 - (c) include a financial strategy that defines sound financial management and expenditure control, as well as ways and means of increasing revenues and external funding for the municipality and its development priorities and objectives, which strategy may address the following:
 - (i) revenue raising strategies;
 - (ii) asset management strategies;
 - (iii) financial management strategies;
 - (iv) capital financing strategies;
 - (v) operational financing strategies; and
 - (vi) strategies that would enhance cost-effectiveness.
- (4) A spatial development framework reflected in a municipality's integrated development plan must –
- (a) give effect to the principles contained in Chapter 1 of the Development Facilitation Act, 1995 (Act No. 67 of 1995);
 - (b) set out objectives that reflect the desired spatial form of the municipality;
 - (c) contain strategies and policies regarding the manner in which to achieve the objectives referred to in paragraph (b), which strategies and policies must –
 - (i) indicate desired patterns of land use within the municipality;
 - (ii) address the spatial reconstruction of the municipality; and

- (iii) provide strategic guidance in respect of the location and nature of development within the municipality;
- (d) set out basic guidelines for a land use management system in the municipality;
- (e) set out a capital investment framework for the municipality's development programs;
- (f) contain a strategic assessment of the environmental impact of the spatial development framework;
- (g) identify programs and projects for the development of land within the municipality;
- (h) be aligned with the spatial development frameworks reflected in the integrated development plans of neighbouring municipalities; and
- (i) provide a visual representation of the desired spatial form of the municipality, which representation –
 - (i) must indicate where public and private land development and infrastructure investment should take place;
 - (ii) must indicate desired or undesired utilisation of space in a particular area;
 - (iii) may delineate the urban edge;
 - (iv) must identify areas where strategic intervention is required; and
 - (v) must indicate areas where priority spending is required.

7.2 Suggested table of contents

The form and content of a five year IDP are largely subject to the discretion of a Municipality. The following table of contents is based on the above-mentioned act and regulations, the IDP Guide Pack, National and Provincial directives as well as the 2014 Provincial IDP Assessment Template.

It serves only as a guide and the eventual table of contents will most likely be a combination and / or rearrangements of the different components of the final or annually reviewed IDP document.

7.2.1 Table of contents

- Foreword by the Mayor
- Preface by the Municipal Manager
- Executive Summary
- **Chapter 1:** Introduction and background to Integrated Development Planning (IDP)
- **Chapter 2:** Situation analysis

- **Chapter 3:** Powers and functions
- **Chapter 4:** Process followed to develop the IDP
- **Chapter 5:** Status quo assessment
- **Chapter 6:** Spatial economy and development rationale
- **Chapter 7:** High level objectives and strategies
- **Chapter 8:** Strategy
- **Chapter 9:** Sector plans in terms of section 26 of the municipal systems act
- **Chapter 10:** Development strategies, programmes and projects
- **Chapter 11:** Alignment with national and provincial objectives and programmes (intergovernmental policy and strategic alignment)
- **Chapter 12:** Programmes and projects of other spheres (involvement of government sector departments and state owned enterprises)
- **Chapter 13:** Unfunded projects

7. ANNUAL REVISIONS OF THE FIVE YEAR IDP (ANNUAL PLANS)

8.1 Legal requirements

MSA Section 34: Annual review and amendment of integrated development plan

A municipal council –

(a) must review its integrated development plan –

- (i) annually in accordance with an assessment of its performance measurements in terms of section 41; and
- (ii) to the extent that changing circumstances so demand; and

(b) may amend its integrated development plan in accordance with a prescribed process.

8.2 Purpose of a review (annual plan)

The IDP has to be reviewed annually in order to:

- Ensure its relevance as the municipality's strategic plan;
- inform other components of the municipal business process including institutional and financial planning and budgeting; and

- inform the cyclical inter-governmental planning and budgeting cycle.

For the IDP to remain relevant the municipality must assess implementation performance and the achievement of its targets and strategic objectives. In the light of this assessment the IDP is reviewed to reflect the impact of successes as well as corrective measures to address problems. The IDP is also reviewed in the light of changing internal and external circumstances that impact on the priority issues, outcomes and outputs of the IDP.

The annual review must inform the municipality's financial and institutional planning and most importantly, the drafting of the annual budget. It must be completed in time to properly inform the latter.

The purpose of the annual review is therefore to –

- reflect and report on progress made with respect to the strategy in the 5 year IDP;
- make adjustments to the strategy if necessitated by changing internal and external circumstances that impact on the appropriateness of the IDP;
- determine annual targets and activities for the next financial year in line with the 5 year strategy; and
- inform the municipality's financial and institutional planning and most importantly, the drafting of the annual budget.

NOTE: THE MINIMUM (IF ANY) STRATEGIC CHANGES SHOULD TAKE PLACE DURING THE ANNUAL REVIEW.

8.3 What the review is not

- The Review (Annual Plan) is not a replacement of the five (5) year IDP.
- The Review (Annual Plan) is not meant to interfere with the long-term strategic orientation of the municipality to accommodate new whims and additional demands.

8. IDP SOURCE DOCUMENTS

The Integrated Development Planning process is guided by a number of legal and policy documents that impose a range of demands and requirements on the Municipality. The list below contains some of the most important IDP source documents:

9.1 Acts

- Development Facilitation Act, (Act 67 of 1995)
- Constitution of the Republic of South Africa Act (Act 108 of 1996)
- Local Government: Municipal Structures Act (Act 117 of 1998)
- National Environmental Management Act / NEMA (Act 107 of 1998)
- Local Government: Municipal Systems Act (Act 32 of 2000)
- Disaster Management Act (Act 57 of 2002)
- Municipal Finance Management Act (Act 56 of 2003)
- Spatial Planning and Land Use Management Act / SPLUMA (Act 16 of 2013)

9.2 Regulations

- Treasury Regulations and Guidelines
- White Papers
- Batho Pele White Paper (October 1997)

- White Paper on Local Government (March 1998)
- Municipal Planning and Performance Management Regulations (August 2001)

9.3 National policy

- National Spatial Development Perspective (2006)
- Medium Term Strategic Framework (2009)
- Local Government Turn-around Strategy (December 2009)
- Government's twelve (12) Strategic Outcomes (January 2010)

9.4 Provincial policy

- Free State Provincial Spatial Development Framework
- Free State Growth and Development Strategy
- Free State Provincial Strategic Plan
- Integrated Development Plans of adjacent municipalities

9.5 District Policy

- Xhariep District Economic Development Strategy

9. ANNEXURE (A)

IDP AND BUDGET TIME SCHEDULE IN TERMS OF SECTION 21(1)(B) OF THE MFMA

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
AUGUST 2014			
15 August 2014	<ul style="list-style-type: none"> Table the IDP Process Plan in council (should happen once every 5 years). The time schedule in terms of Section 21(1)(b) of the Municipal Finance Management Act (MFMA) which is this annexure is replaced every year. 	MSA Section 28: (1) Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan. (2) The municipality must through appropriate mechanisms, processes and procedures established in terms of Chapter 4, consult the local community before adopting the process. (3) A municipality must give notice to the local community of particulars of the process it intends to follow.	<ul style="list-style-type: none"> Mayor Municipal Manager
15 August 2014	<ul style="list-style-type: none"> Table in council a budget and IDP time schedule of key deadlines – happens every year at least 10 months before the start of the budget year. 	MFMA Section 21(1)(b): The mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for – (i) the preparation, tabling and approval of the annual budget; (ii) the annual review of – (aa) the integrated development	<ul style="list-style-type: none"> Mayor Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		plan in terms of section 34 of the Municipal Systems Act; and (bb) the budget related policies; (iii) the tabling and adoption of any amendments to the integrated development plan and the budget related policies; and (iv) any consultative processes forming part of the processes referred to in subparagraphs (i), (ii) and (iii).	
Before 29 August 2014	<ul style="list-style-type: none"> Submit annual financial statements and annual performance report to the Auditor-General for auditing – within two months after the end of the financial year. 	MSA Section 126(1)(a): The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	<ul style="list-style-type: none"> Municipal Manager CFO
SEPTEMBER 2014			
29 August – 5 September 2014	<ul style="list-style-type: none"> Submit process plan and time schedule to the Xhariep District Municipality and the Free State Provincial Government. 		<ul style="list-style-type: none"> Municipal Manager
8 – 12 September 2014	<ul style="list-style-type: none"> Give notice of the approved process plan and time schedule through 		<ul style="list-style-type: none"> Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	local media.		
<i>During September 2014</i>	<ul style="list-style-type: none"> Constitute the Naledi Local Municipality IDP Representatives Forum. 		<ul style="list-style-type: none"> Mayor Municipal Manager
OCTOBER 2014			
<i>September – October 2014</i>	<ul style="list-style-type: none"> Internal analysis – <ul style="list-style-type: none"> critical issues / challenges with respect to every service minimum service levels institutional financial performance 		<ul style="list-style-type: none"> Municipal Manager CFO Directors
<i>September – October 2014</i>	<ul style="list-style-type: none"> Compile all draft priority sectoral plans – e.g. Financial Plan, WSDP, LED, . 	MSA Section 26(h): An integrated development plan must reflect a financial plan, which must include a budget projection for at least the next three years.	<ul style="list-style-type: none"> Municipal Manager CFO Directors
<i>September – October 2014</i>	<ul style="list-style-type: none"> External analysis – 	MSA Section 29(1)(b): The process followed by a municipality	<ul style="list-style-type: none"> Mayor



DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	<ul style="list-style-type: none"> o Spatial o Social o Economic o Environmental <p>NOTE: The external process should be combined as far as possible with the compilation of area based or ward plans and must involve the local community and other stakeholders.</p>	to draft its integrated development plan, including its consideration and adoption of the draft plan, must through appropriate mechanisms, processes and procedures established in terms of Chapter 4, allow for – (i) the local community to be consulted on its development needs and priorities; (ii) the local community to participate in the drafting of the integrated development plan; and (iii) organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan.	<ul style="list-style-type: none"> • (Ward) Councilors • Municipal Manager • CFO • Directors
1 September – 30 October 2014	<ul style="list-style-type: none"> • Commence with the multi-year capital and operating budget. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
1 September – 30 October 2014	<ul style="list-style-type: none"> • Obtain inputs from Directors and Division Heads on preliminary capital and operating budget – SHOULD include the following: review of salary, fleet and equipment budget and tariffs, etc. 		<ul style="list-style-type: none"> • Municipal Manager • CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
October 2014	<ul style="list-style-type: none"> Commence with the compilation of new area based or ward plans. 		<ul style="list-style-type: none"> Mayor Ward Councillors Municipal Manager
October – November 2014	<ul style="list-style-type: none"> Workshop with IDP Representatives Forum members and other invited stakeholders. 		<ul style="list-style-type: none"> Mayor Ward Councillors Municipal Manager
November – December 2014	<ul style="list-style-type: none"> Preparation of departmental operational plans and SDBIP aligned to strategic priorities in IDP and inputs from other stakeholders including government sector departments and bulk service providers – e.g. NER, ESKOM, BloemWater, Water Users Associations, etc. <p>(SDBIP – Service Delivery and Budget Implementation Plans, ESKOM – Electricity Supply Commission, NER – National Electricity Regulator)</p>		<ul style="list-style-type: none"> Mayor Ward Councillors Municipal Manager CFO Directors
NOVEMBER 2014			

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
14 – 15 November 2014	<ul style="list-style-type: none"> Strategic session with the Municipal Council and Management – may extend invite to representatives from the Xhariep District Municipality, as well as any representative(s) of a strategic partner or stakeholder. 		<ul style="list-style-type: none"> Mayor Ward Councillors Municipal Manager
November 2014	<ul style="list-style-type: none"> Receive audit report on annual financial statements from the Auditor-General. 	MFMA Section 126(3): The Auditor-General must – (a) audit those financial statements; and (b) submit an audit report on those statements to the accounting officer of the municipality or entity within three months of receipt of the statements.	<ul style="list-style-type: none"> Municipal Manager CFO
November 2014	<ul style="list-style-type: none"> Ensure the Accounting Officer addresses any issues raised by the Auditor-General in the audit report – prepare action or audit plans to address and incorporate into the annual report. 		<ul style="list-style-type: none"> Municipal Manager CFO
DECEMBER 2014			
December 2014	<ul style="list-style-type: none"> Finalise inputs from bulk resource providers – e.g. NER and agree on proposed price 		<ul style="list-style-type: none"> Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	increase.		<ul style="list-style-type: none"> • CFO
<i>December 2014</i>	<ul style="list-style-type: none"> • Review whether all bulk resource providers have lodged requests with National Treasury and SALGA seeking comments on proposed price increases of bulk resources. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
<i>December 2014</i>	<ul style="list-style-type: none"> • Finalise first draft of departmental operational plans and SDBIP for review against strategic priorities. 		<ul style="list-style-type: none"> • Municipal Manager • CFO • Directors
<i>December 2014 – January 2015</i>	<ul style="list-style-type: none"> • Finalise first draft of departmental operational plans and SDBIP for review against strategic priorities. 		<ul style="list-style-type: none"> • Municipal Manager • CFO • Directors
<i>9 December 2014</i>	<ul style="list-style-type: none"> • Finalise first draft of annual report incorporating financial and non-financial information on performance, audit reports and annual financial statements. 		<ul style="list-style-type: none"> • Municipal Manager • CFO • Director Corporate Support

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
			Services <ul style="list-style-type: none"> • All other Directors
9 December 2014	<ul style="list-style-type: none"> • Submit draft adjustments budget to the IDP and Budget Steering Committee. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
JANUARY 2015			
20 January 2015	<ul style="list-style-type: none"> • Adjustments budget submitted to the Municipal Council's Planning and Budget Committees – MSA Section 79 committees. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
27 January 2015	<ul style="list-style-type: none"> • Adjustments budget submitted to the Municipal Council. 		<ul style="list-style-type: none"> • Mayor • Municipal Manager • CFO
28 – 3 February 2015	<ul style="list-style-type: none"> • Approved adjustments budget submitted to the Provincial and National Treasuries. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
During January 2015	<ul style="list-style-type: none"> • Ensure any written comments made to bulk resource providers by the municipality 		<ul style="list-style-type: none"> • Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	on the proposed increase of bulk resources are included in any submission made by the bulk resource providers to the required organs of state.		<ul style="list-style-type: none"> • CFO
<i>During January 2015</i>	<ul style="list-style-type: none"> • Review whether comments from National Treasury and SALGA have been received on proposed price increases of bulk resources. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
<i>During January 2015</i>	<ul style="list-style-type: none"> • Finalise detailed operating and capital budgets in the prescribed formats incorporating National and provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
<i>January – February 2015</i>	<ul style="list-style-type: none"> • Review the KPIs and annual performance targets. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
FEBRUARY 2015			
<i>February – March 2015</i>	<ul style="list-style-type: none"> • Finalise the draft capital and operating budgets, and budget 		<ul style="list-style-type: none"> • Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	related policies.		<ul style="list-style-type: none"> • CFO • Other Directors
<i>During February 2015</i>	<ul style="list-style-type: none"> • Finalise area based or ward plans. 		<ul style="list-style-type: none"> • Mayor • Ward Councillors • Municipal Manager • CFO • Other Directors
<i>During February 2015</i>	<ul style="list-style-type: none"> • Note any provincial and national allocations to municipalities for incorporation into budget. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
<i>During February 2015</i>	<ul style="list-style-type: none"> • Finalise corrective measures from audit report. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
<i>23 – 25 February 2015</i>	<ul style="list-style-type: none"> • IDP Representatives Forum Meeting. 		<ul style="list-style-type: none"> • Mayor • Ward

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
			Councillors <ul style="list-style-type: none"> Municipal Manager
Before 27 February 2015	<ul style="list-style-type: none"> Receive notification of any transfers that will be made to the municipality from other municipalities in each of the next three financial years by no later than 120 days before the start of its budget year. 	MFMA Section 37(2): In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of a municipality responsible for the transfer of any allocation to another municipality must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.	<ul style="list-style-type: none"> Municipal Manager CFO
MARCH 2015			
During March 2015	<ul style="list-style-type: none"> Receive bulk resource providers' price increases as tabled in parliament or the provincial legislature. 		<ul style="list-style-type: none"> Municipal Manager CFO
Before 13 March 2015	<ul style="list-style-type: none"> Submit draft budget at least 90 days before the start of the budget year to the IDP Budget Steering Committee. 		<ul style="list-style-type: none"> Municipal Manager CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
13 – 31 March 2015	<ul style="list-style-type: none"> Table draft IDP and budget in Council at least 90 days before the start of the budget year. <ul style="list-style-type: none"> Submit to Council – 31 March 2014 	MFMA Section 16: (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.	<ul style="list-style-type: none"> Mayor Municipal Manager CFO
31 March 2015	<ul style="list-style-type: none"> Approval of NERSA tariffs. <p>(NERSA – National Electricity Regulator of South Africa)</p>		<ul style="list-style-type: none"> Mayor Municipal Manager CFO
APRIL 2015			
6 – 10 April 2015	<ul style="list-style-type: none"> Submit the budget as well as the IDP to the Provincial Treasury, National Treasury and other affected organs of state. 	MFMA Section 22: Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must (a) in accordance with Chapter 4 of the Municipal Systems Act – (i) Make public the annual budget and the documents referred to in Section 17(3); and (ii) invite the local community to submit representations in connection with the budget; (b) submit the annual budget –	<ul style="list-style-type: none"> Municipal Manager CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		(i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and (ii) in either formats to any prescribed national or provincial organs of state and to other municipalities affected by the budget.	
6 – 10 April 2015	<ul style="list-style-type: none"> Submit the proposed revised IDP to the District Municipality. 	MFMA Section 22: Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must (a) in accordance with Chapter 4 of the Municipal Systems Act – (i) Make public the annual budget and the documents referred to in Section 17(3); and (ii) invite the local community to submit representations in connection with the budget; (b) submit the annual budget – (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and (ii) in either formats to any prescribed national or provincial organs of state and to other municipalities affected by the budget.	<ul style="list-style-type: none"> Mayor Municipal Manager
13 – 14 April 2015	<ul style="list-style-type: none"> Publish the proposed IDP for public comment. 	MPPM Regulation 3(4)(b): No amendment to a municipality's integrated development plan may be adopted by the municipal council unless the proposed	<ul style="list-style-type: none"> Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment.	
14 – 28 April 2015	<ul style="list-style-type: none"> Process of consultation and meetings with local community and stakeholders, Provincial and National Treasury and other organs of state. 	MFMA Section 23(1): When the annual budget has been tabled, the municipal council must consider any views of – (a) the local community; and (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.	<ul style="list-style-type: none"> • Mayor • Ward Councillors • Municipal Manager • CFO
MAY 2015			
6 – 7 May 2015	<ul style="list-style-type: none"> • IDP Representatives Forum meeting. 		<ul style="list-style-type: none"> • Mayor • Ward Councillors • Municipal Manager
6 – 14 May 2015	<ul style="list-style-type: none"> • Confirm National budget for provincial and National allocations to municipalities for incorporation into budget. 		<ul style="list-style-type: none"> • Municipal Manager • CFO
6 – 14 May 2015	<ul style="list-style-type: none"> • Review provincial and national legislation including DoRA to 		<ul style="list-style-type: none"> • Municipal

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	establish potentially new reporting requirements including annual, monthly and quarterly grant and performance reports for specific new allocations and programmes – 10 working days after end of month deadlines.		Manager <ul style="list-style-type: none"> • CFO • Other Directors
6 – 14 May 2015	<ul style="list-style-type: none"> • Council must give the Mayor an opportunity to respond to the submissions and, if necessary, to revise the budget and table amendments for consideration by the council. 	MFMA Section 23(2): After considering all budget submissions, the council must give the mayor an opportunity – (a) to respond to the submissions; and (b) if necessary, to revise the budget and table amendments for consideration by the council.	<ul style="list-style-type: none"> • Mayor • Municipal Manager • CFO
Before 14 May 2015	<ul style="list-style-type: none"> • Completion of Annual Budget amendments or refinements. 		<ul style="list-style-type: none"> • Mayor • Municipal Manager • CFO • Other Directors
Before 19 May 2015	<ul style="list-style-type: none"> • Submit draft budget 30 days before the start of the budget year to the IDP and Budget 		<ul style="list-style-type: none"> • Municipal Manager

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	Steering Committee.		<ul style="list-style-type: none"> • CFO
Before 22 May 2015	<ul style="list-style-type: none"> • Table final IDP and budget in Council at least 30 days before the start of the budget year. <ul style="list-style-type: none"> ◦ Submit to Council – 29 May 2015 	<p>MFMA Section 24(1): The Council must at least 30 days before the start of the budget year consider the approval of the annual budget.</p> <p>MPPM Regulation 3(3): An amendment to a municipality's integrated development plan is adopted by a decision taken by a municipal council in accordance with the rules and orders of the council.</p> <p><small>(MPPM – Local Government: Municipal Planning and Performance Management regulation)</small></p>	<ul style="list-style-type: none"> • Mayor • Municipal Manager • CFO
JUNE 2015			
Before 5 June 2015	<ul style="list-style-type: none"> • Place the IDP, annual budget, all budget-related documents and all budget-related policies on the website within 5 days of the adoption of the plan. 	<p>MFMA Section 75(1): The accounting officer of a municipality must place on the website the following documents of the municipality: (a) the annual and adjustments budgets and all budget-related documents; and (b) all budget-related policies.</p> <p>MSA Section 21A(1)(b): All documents that must be made public by a municipality in terms of a requirement of this Act, the Municipal Finance Management Act or other applicable legislation, must be conveyed to the local community by displaying the</p>	<ul style="list-style-type: none"> • Municipal Manager • CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		documents on the municipality's official website, if the municipality has a website as envisaged by section 21B. MFMA Section 75(2): A document referred to above must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first.	
Before 10 June 2015	<ul style="list-style-type: none"> Submit a copy of the revised IDP to the MEC for local government as well as Provincial Treasury within 10 days of the adoption of the plan. 	MSA Section 32(1)(a): The municipal manager of a municipality must submit a copy of the integrated development plan as adopted by the council of the municipality, and any subsequent amendment to the plan, to the MEC for local government in the province within 10 days of the adoption or amendment of the plan.	<ul style="list-style-type: none"> Municipal Manager CFO
15 – 18 June 2015	<ul style="list-style-type: none"> Give notice to the public of the adoption of the IDP within 14 days of the adoption of the plan 	MSA Section 25(4)(a): A municipality must, within 14 days of the adoption of its integrated development plan in terms of subsection (1) or (3) give notice to the public – (i) of the adoption of the plan; and (ii) that copies of or extracts from the plan are available for public inspection at specified places;	<ul style="list-style-type: none"> Municipal Manager CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		<p>MSA Section 21A(1)(a) and (c): All documents that must be made public by a municipality in terms of a requirement of this Act, the Municipal Finance Management Act or other applicable legislation, must be conveyed to the local community –</p> <p>(a) by displaying the documents at the municipality's head and satellite offices and libraries;</p> <p>(c) by notifying the local community, in accordance with section 21, of the place, including the website address, where detailed particulars concerning the documents can be obtained.</p>	
15 – 18 June 2015	<ul style="list-style-type: none"> Publicise a summary of the IDP within 14 days of the adoption of the plan. 	<p>MSA Section 25(4)(b): A municipality must, within 14 days of the adoption of its integrated development plan in terms of subsection (1) or (3) publicise a summary of the plan.</p>	<ul style="list-style-type: none"> Municipal Manager
15 – 18 June 2015	<ul style="list-style-type: none"> Make public the approved annual budget and supporting documentation (including tariffs) within 10 working days after approval of the budget. 	<p>BUDGET AND REPORTING REGULATIONS 2009, Regulation 18: (1) Within ten working days after the municipal council has approved the annual budget of a municipality, the municipal manager must in accordance with section 21A of the Municipal Systems Act make</p>	<ul style="list-style-type: none"> Municipal Manager CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		<p>public the approved annual budget and supporting documentation and the resolutions referred to in section 24(2)(c) of the Act.</p> <p>(2) The municipal manager must also make public any other information that the municipal council considers appropriate to facilitate public awareness of the annual budget, including –</p> <p>(a) summaries of the annual budget and supporting documentation in alternate languages predominant in the community; and</p> <p>(b) information relevant to each ward in the municipality.</p> <p>(3) All information contemplated in sub-regulation (2) must cover:</p> <p>(a) the relevant financial and service delivery implications of the annual budget; and</p> <p>(b) at least the previous year's actual outcome, the current year's forecast outcome, the budget year and the following two years.</p>	
Before 18 June 2015	<ul style="list-style-type: none"> Submit approved budget to the provincial treasury and National Treasury within 10 working days after approval of the budget. 	<p>MFMA Section 24(3): The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.</p> <p>BUDGET AND REPORTING</p>	<ul style="list-style-type: none"> Municipal Manager CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		REGULATIONS 2009, Regulation 20: The municipal manager must comply with section 24(3) of the Act within ten working days after the municipal council has approved the annual budget.	
18 June 2015	<ul style="list-style-type: none"> Submit to the Mayor the draft SDBIP and draft annual performance agreements for the next year within 14 days after approval of the budget. 	MFMA Section 69(3): (a) The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor a draft service delivery and budget implementation plan for the budget year. (b) The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor drafts of the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior managers.	<ul style="list-style-type: none"> Municipal Manager CFO Other Directors
18 June 2015	<ul style="list-style-type: none"> The Mayor takes all reasonable steps to ensure that the SDBIP is approved within 28 days after approval of the budget. 	MFMA Section 53(1)(c)(ii): The mayor of a municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after approval of the budget.	<ul style="list-style-type: none"> Mayor Municipal Manager
Before 23 June 2015	<ul style="list-style-type: none"> Place the performance agreements and all service 	MFMA Section 75(1): The accounting officer of a municipality	<ul style="list-style-type: none"> Municipal

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
	delivery agreements on the website.	<p>must place on the website the following documents of the municipality:</p> <p>(d) performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act; and</p> <p>(e) all service delivery agreements.</p> <p>BUDGET & REPORTING REGULATIONS 2009, Regulation 19:</p> <p>The accounting officer must place on the website all performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act.</p>	Manager
Before 30 June 2015	<ul style="list-style-type: none"> Submit copies of the performance agreements to Council and the MEC for local government as well as the national minister responsible for local government within 14 days after concluding the employment contract and performance agreement. 	<p>MFMA Section 53(3)(b):</p> <p>Copies of such performance agreements must be submitted to the council and the MEC for local government in the province.</p> <p>PERF REGS 2006 Regulation (5):</p> <p>The employment contract and performance agreement must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government within fourteen (14) days after concluding the employment contract and performance</p>	<ul style="list-style-type: none"> Mayor Municipal Manager CFO Other Directors

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
<i>Before 30 June 2015</i>	<ul style="list-style-type: none"> Submit the SDBIP to National and Provincial Treasury within 10 working days approval of the plan. 	<p>agreement</p> <p>BUDGET & REPORTING REGULATIONS 2009, Regulation 20(2)(b): The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan.</p>	<ul style="list-style-type: none"> Municipal Manager CFO
<i>Before 30 June 2015</i>	<ul style="list-style-type: none"> Make public the projections, targets and indicators as set out in the SDBIP within 10 working days after the approval of the SDBIP. 	<p>MFMA Section 53(3)(a): The mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.</p> <p>BUDGET & REPORTING REGULATIONS 2009, Regulation 19: The municipal manager must in accordance with section 21A of the Municipal Systems Act make public the approved service delivery and budget implementation plan within ten</p>	<ul style="list-style-type: none"> Municipal Manager CFO

DATE	TASK	LEGAL REFERENCE	RESPONSIBILITY
		working days after the mayor has approved the plan in terms of section 53(1)(c)(ii) of the Act.	
Before 30 June 2015	<ul style="list-style-type: none"> Make public the performance agreements of Municipal Manager and senior managers no later than 14 days after the approval of the SDBIP. 	MFMA Section 53(3)(b): The mayor must ensure that the performance agreements of municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan.	<ul style="list-style-type: none"> Mayor Municipal Manager

10. CONCLUSION

The above IDP and Budget schedule outlines the activities that will be undertaken whilst reviewing the Naledi Local Municipality's integrated development plan for the 2015/2016 financial year.

The approved IDP Process Plan also details activities in relation to the 2013/2014 municipal performance reporting cycle and the 2015/2016 budget year. This plan will ensure that all role players are well prepared to participate in the IDP review process.

All activities outlined in this document have been prepared in close collaboration with the Xhariep District Municipality. Following the adoption of the plan by the Municipal Council it will be the official guiding tool for undertaking the IDP review for the 2015/16 financial year.

11. APPROVAL OR ADOPTION

The **Naledi Local Municipality's 2015/2016 Annual IDP Process Plan** is approved or adopted by the Municipal Council on **Wednesday, 30 September 2014.**

Signed on behalf of the Municipal Council by:



Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury.

2.1.3 IDP and Service Delivery and Budget Implementation Plan

This is a newly designed IDP, resulted from the public participation processes that will be valid for the years 2015/16 to 2017/18. It commenced in August 2012 after the tabling the IDP process plan and the budget time schedules for the 2013/14 MTREF.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The process plan applicable to the fourth revision cycle, include the following key IDP processes and deliverables;

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP; and
- The review of the performance management and monitoring system.

The IDP has been taken into a business and financial planning process leading to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year review and adjustment budget. The business planning process has subsequently been refined in the light of the current economic circumstances and the revenue projections.

With the compilation of the 2015/16 MTREF, each department /function had to review their business planning process, including setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning and essentially informed the detail operating budget appropriations and the three year capital programme.

2.1.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF.

- Growth and Development in the municipal area;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom/Centlec increases, household's debt, migration patterns);
- Performance trends;
- The approved 2013/14 adjustment budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increase versus the ability of the communities to pay for services;
- Improved and sustainable service delivery;
- Situational analysis performed during the IDP compilations which includes statistical information (e.g. Population, unemployment rate, etc.)

In addition, the strategic guideline given in the National Treasury's MFMA circulars 58, 59 and 67 has been factored into the planning and prioritisation process.

2.2 Overview of budget related-policies

The Municipal budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. Listed below are policies attached as annexure B and had been either developed or reviewed to be implemented with effect from 1 July 2014:

- Supply Chain Management Policy
- Property Rates Policy
- Tariffs Policy
- Credit Control and Debt Collection Policy
- Municipal Banking and Investment Policy
- Indigent Policy
- Budget Management Policy
- Budget Principles
- Assets Management Policy
- External Loans
- Cell phones Policy
- Virement Policy
- Bad Debts Policy
- Reimbursement Policy
- Inventory Policy

2.3 Municipal Managers Quality Certificate.

I **Qheku Wilson Lefora** municipal manager of Naledi Local Municipality, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

**Municipal Manager of
Naledi Local Municipality (FS164)**

Signature _____

Date _____

ANNEXURE C

	TARIFFS 2015 -2016		
Item No	Description	Tariffs July 2014 - 2015	Tariffs July 2015 - 2016
1.	Assesment Rates		
	Residential	0.009150	0.0056
	All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates.		
	For the 2015/2016 financial year the maximum reduction is determined as R 50 000		
	The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality.		
	The remaining R35 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.		
	Retired and Disabled Persons Property Rates Rebate		
	For the 2015/2016 financial year the total monthly income and corresponding rebate is determined as follows:-		
	R 0 to R 3 000 per month - rebate how ever if your not registered as indigents you can apply for indigent and we will charge the person flat rate of 120 per annum		
	R 3 001 to R 5 000 per month - 50% rebate		
	R 5 001 to R 8 000 per month - 20% rebate		
	Indigent owners and child headed families will receive a 100% rebate from property rates		
	Business/Commercial	0.009150	0.0056
	State - Owned (Government)	0.018300	0.0112
	Ratio 1:2 - State owned properties, including all agricultural properties(farms) owned by any sphere of government, shall be levied 2 x the rate of domestic properties.		
	Agricultural - Normal	0.001740	0.0014

	Standard rebate to all agricultural properties		
	- Ratio of 1:0.25 (75% rebate) on tariff of R0.0085 as promulgated by the Minister of Provincial and Local Government		
	Additional rebate if qualified and applied for		
	- 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants		
	- 2,5% if such residential properties are provided with potable water.		
	- 2,5% if the farmer for the farm workers electrifies such residential properties.		
	- 2,5% for the provision of land for burial to own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms.		
2.	Administration		
	Building plan fees (Extentions)	92.00	100
	Building plan fees (New Buildings)	92.00	100
	Valuation certificates	92.00	100
	Valuation and other list		
	Letters of Authority		95
	Objection and appeal costs on valuations		100
	Photostats	2.20	2
	Faxes : Receive	3.40	4
	Send:	R12+R2/P	R13+R2/P
	Posters/Placards /Advertisements , etc 30 days maximum Deposit: 300	140.00	150
	Advertisement board on encroachments p/a	420.00	450
	Tax Clearance certificates	140.00	150
	Tender Document		
	Tender below R 500, 000.00	442.00	500
	Tender above R 500, 000.00	756.00	800
	Proof of residents letter	12.00	20
3.	Sportgrounds, Parks and Cemeteries		
	Grave Fees		
	Per site: Former Towns (Dewetsdorp, Wepener & Van Stadensrust)	735.00	780
	Per site: (Morojaneng, Qibing & Thapelong)	147.00	160
	Double		1560
	Digging of grave	990.00	1050
	Opening of grave	990.00	1050

	Sportgrounds and Parks		
	Rent sport grounds:Dewetsdorp	735.00	350
	Rent sport grounds: Wepener		350
	Rent sports grounds Vanstadensrus		150
	Parks		200
6.	Properties		
	Camps		
	Cattle	51.00	
	1-10 per head		55
	11-15 per head		65
	16-20 per head		75
	Horse	69.00	75
	Sheep	45.00	50
	Goat	38.00	50
	Municipal Houses & Flats Fixed Amount		
	Private rental - Mc Donald and 20 Spiessstreet (garden service included)	950.00	950
	Municipal flat	650.00	650
	Municipal House	950.00	950
7.	Technical Services rates		
	General workman per hour - Supervisor	118.00	125
	General workman per hour	5.50	6
	Illegal dumping - fine	236.00	1000
	Garden refuse removal - per load Municipal Loading		500
	Garden refuse removal - per load Self Loading		160
	Construction equipment - per hour (fuel included)	443.00	500
	Transport - per kilometer (load km)	24.00	25
	Clearing of erven with machinery - per erf per hour (min: 1 hour)	252.00	267
	Whole area - Per hand per square meter (Not removal)	1.50	2
	Gravel		
8.	Licences per annum		
	Business Licences		
	Business	222.00	500
	Formal tuck shop		300

	Informal tuck shop	75.00	150
	Street hawker	17.00	100
9.	City Hall and Offices		
	Rental Town Hall		
	Wepener		
	Hall Rental	1200.00	1270
	Qibing & Ebenhaeserhoogte halls		
	Hall Rental	350.00	370
	Dewetsdorp		
	Hall Rental	1200.00	1270
	Morojaneng Hall		
	Rental	350.00	370
	Vanstadensrus		
	Hall Rental	350.00	370
	Rental of Halls for Churches		
	Hall Rental	150.00	160
10.	Sewerage and Sanitation		
	1) Domestic Houses, Flats & Suction (Houses) - DOM	62.18	65
	2) Business, Offices & Suction - BUS	110.34	120
	3) School - SCH	3152.85	3342
	4) Correctional Services - CORR	2627.38	2785
	5) SAPS, Hotel & Guest House - SAP	1182.32	1253
	6) Retirement Home - OLD	486.95	516
	7) Sport Clubs, Spoornet, Churches and Creche, Pre-School - DEPT	119.10	126
	New Connections		
	New connections - Standard		Actual Costs incurred
11.	Refuse Removal		
	1) Domestic Houses, Departmental & Sport Clubs - DOM	48.54	51
	2) Business, Shops, Spoornet & Boarding House - BUS	136.27	144
	3) Big Business, Correctional Service, SAPS & Hostel - BBUS	429.25	455
	4) Offices - OFF	74.96	79
	5) School - SCH	269.13	285

13.	Water Consumption		
	Consumers		
	Service levy	20.20	21
	Service levy - Commerce,governm,sport & schools	119.39	127
	Per KI usage (1 -6 KI)	0.00	0
	Per KI usage (7 -30KI)	10.01	11
	Per KI usage (31 - 50KI)		
	>50 KI + COMMERCE,GOVERNMENT	10.72	11
	Water Delivery		
	Irrigation		
	Flood irrig / cycle - V/Stadensrus	22.96	24
	Connections		
	Reconnection - 1 st	229.59	243
	Reconnection - 2 nd	551.02	584
	Reconnection - 3 rd	1102.05	1168
	New connections		7500
	Test meter	275.51	292
	Private Work		
	Labour per hour - Supervisor	121.44	129
	Labour per hour - General worker	68.31	72
	Saturday and weekdays - after hours		
	Public holidays, sundays		
	Material costs		
14.	Travel and Subsistence		
	Vehicle running cost	2.55	3
	Day allowance - councillors		
	- officials		
	Accommodation - overnight maximum se'f catering/n		
	- Hotel / night maximum		
	(accommodation includes dinner except where it is not part of the reservation. Receipts for expenses on meals must be submitted)		
15.	Expenditure Tariffs		

	Cellphones allowance		
	Mayor and Councillors		
	Municipal manager	1512.11	1603
	HOD/Directors - Section 56 Managers	1260.08	1336
	Manager reporting directly to HOD	1008.07	1069
	Assistant Managers/Accountant	819.06	868
	Supervisors/PA	315.02	334
	Other officials	151.21	160
			0
18.	New accounts		0
	Deposit - Water	260.00	276
19	Category 1 Application fee		
	Township establishment per erf		
	0-500		4000
	501-1000		6000
	1001 and More		7500
	Rezoning		2000
	Removal,Amendment or suspension of restrictive title condition		1200
	Amendment of general place		2000
	Permanent closure of public place		2000
	Consent use		1000
	Subdivision		1000
	per additional portion after 5th		100
	consolidation		1000
	per additional after 5th		100

	Category 2 Application fee		
	Subdivision		1000
	per additional portion after 5th		100
	Consolidation		1000
	per additional portion after 5th		100
	Consent use		1000
	Removal ,amendment or suspesion of restrictive title condition		1200
	General application fee		
	Appeal on decision		3000
	Zoning certificate		80
	e lodgement fee		0